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MONDAY MARCH 11 1996

Hamas withdraws ceasefire offer ahead of summit

The extremist Hamas Islamic movement, responsible for a wave of suicide bombings in Israel, withdrew its offer of a ceasefire and said it would resume attacks. The warning came as world leaders prepared for an international summit in Egypt on Wednesday to shore up international support for the fragile Middle East peace. Page 16

US warns China against war games The US began moving an aircraft carrier taskforce closer to Taiwan as Washington warned China against further "risky" acts against the island. Page 16; Chinese media pressure, Page 4; Editorial Comment, Page 15; Emerging markets, Page 24; World stocks, Page 26

Fokker plans slimmed-down future One of three subsidiaries of Fokker has been removed from court-approved protection from creditors in an attempt to create a vehicle for reviving the Dutch aircraft maker in slimmed-down form. Page 17

Pechiney seeks 6% cost cuts Pechiney, French aluminium and packaging group privatised last year, plans to cut annual costs by at least FF1.5bn (\$277m), or 6 per cent, and expects substantial staff cuts. Page 17

IRA pressed to renew ceasefire Sinn Féin faced renewed pressure yesterday from London, Dublin and Washington to go back to the IRA to demand a fresh ceasefire. Irish prime minister John Bruton urged the Northern Ireland republican movement to "stop thinking in terms of threats".

Japanese toolmaker plans UK expansion Japanese machine tool producer Yamazaki Mazak plans to expand capacity at its plant in Worcester, central England, by 20 per cent. Page 9

Citibank close to choosing London sites Citibank of the US has drawn up a shortlist of three potential sites for its new London headquarters and is expected to make a decision this month. Page 6

BET predicts 27.5% dividend rise Business services group BET predicted a 27.5 per cent dividend increase as part of its defence against a £1.9bn hostile takeover bid from Ramtoko. Page 18

Perkins targets luxury cars UK-based diesel engine manufacturer Perkins is seeking to supply the world executive and luxury car market by offering engines in production runs shorter than a car-maker on its own would consider viable. Page 16

Caspian pipeline investors sought The Caspian pipeline consortium of Russia, Kazakhstan and Oman agreed to invite outside investment for the construction of a pipeline to unlock the giant energy oil field. Page 2

Britain's top charities records The one of Britain's top charities rose to a record 96th (£15.26bn) in the year to June 1994, the 1996 end-on-top 2000 charities guide shows. Page 6

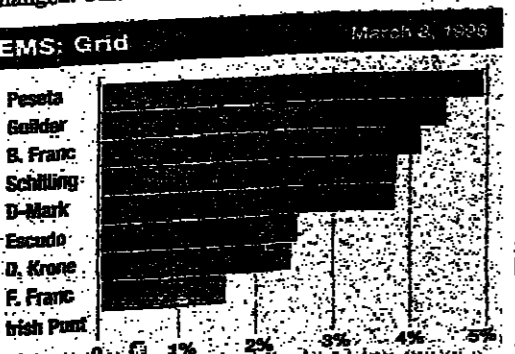


Hill wins Australian grand prix British driver Damon Hill (above) won the Australian grand prix in Melbourne, the first of the season. His Williams Renault team-mate Jacques Villeneuve came second in his first grand prix after he suffered mechanical trouble within five laps of victory.

Life considers contracts change The London International Financial Futures and Options Exchange is considering a modification of its short-term money-market contracts in preparation for European Monetary Union. Page 17

FT-SE eligibility under review A rule which helps determine whether a company's shares are eligible for the FT-SE 100 index is to be reviewed amid concern about the recent inclusion of companies which have relatively small amounts of shares publicly traded. Page 18

European Monetary System This week's meeting of the Bundesbank council could prompt a further round of interest rate easing. There was no change to the order of currencies in the EMS grid last week, and the spread between them was barely changed. Currencies, Page 27



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of the agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.35 per cent band.

Country	Code	Unit	Rate
UK	£	Pound	1.00
Germany	DM	Mark	1.00
France	FF	Franc	6.55
Italy	Lira	Lira	2036
Spain	Peseta	Peseta	166.64
Belgium	Franc	Franc	36.36
Netherlands	Guilder	Guilder	3.76
Denmark	Krone	Krone	6.46
Sweden	Krona	Krona	13.76
Finland	Markka	Markka	5.94
Portugal	Escudo	Escudo	200.48
Greece	Drachma	Drachma	340.75
Ireland	Punt	Punt	7.88
Switzerland	Franc	Franc	1.75
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Fury over UK-French attempt to exclude European parliament Move to keep MEPs out of IGC

By Lionel Barber in Palermo

Britain and France yesterday blocked a plan to invite the European parliament to take part in negotiations in the EU's coming intergovernmental conference. The Anglo-French alliance offers a foretaste of battles in the IGC and is sure to provoke an angry reaction from MEPs meeting at their plenary session in Strasbourg this week.

The two countries' opposition surfaced at a weekend meeting of EU foreign ministers in Palermo, Sicily, and

provoked bitter criticism from several member states.

Mr Klaus Kinkel, German foreign minister, described the UK-French opposition as "unacceptable". Mr Carlos Westendorp, Spanish foreign minister, said MEPs should be offered a seat at the negotiating table. "It's 13 countries against two," he said.

Most EU member states argued that the parliament has earned a role in the IGC because it is a directly elected body, as opposed to the technocrats and civil servants who will handle most of the negoti-

ations. Two MEPs also took part in last year's high-level group of experts preparing the IGC.

But Britain and, particularly, France are adamant that the IGC concerns negotiations between sovereign national governments and that its outcome will be ratified by national parliaments. The European parliament, which was not represented in the Maastricht treaty talks, is required to give its "opinion" only.

A joint UK-French draft proposed that MEPs could have

contacts with representatives of EU foreign ministers every two months, and a meeting with EU foreign ministers once every six months, on the IGC negotiations. The president of the parliament could also offer his views to EU heads of government on summits dealing with the IGC.

One EU diplomat in Palermo described the UK-French draft as "insulting" and predicted trouble ahead, particularly since Scandinavian countries see the parliament as a safety valve for public opinion.

The Italian presidency put forward a compromise which favoured "regular" contacts between the parliament and the member states on the IGC, which is expected to last up to 18 months.

The failure to strike a deal in Palermo means that further talks will be held at ambassadorial level in Brussels.

Mr Malcolm Rifkind, UK foreign secretary, said he would shortly produce a paper on the pros and cons of holding a referendum on the single European currency. The paper could appear as early as this week, he said.



Caspian project partners clear pipeline block

By Sander Thoenes in Alma Ata

The Caspian Pipeline Consortium of Russia, Kazakhstan and Oman has agreed, after three years of haggling, to invite outside investment for the construction of a pipeline to unlock the giant Tengiz oil field.

The agreement, confirmed only by representatives of Oman Oil, could pave the way for Chevron and other oil companies to join the three countries in building the 750km pipeline from Tengiz, in north-western Kazakhstan, to the Russian Black Sea port of Novorossiisk.

Chevron, which owns half of a joint venture developing the field, has estimated it could produce 700,000 barrels of crude per day and bring in \$20bn (£13bn) in investment. But lack of a reliable export route has led the company to cut daily production to 80,000 barrels and left Kazakhstan short of badly needed revenue. A new pipeline would provide an export route not just for Tengiz but also for potentially huge oil reserves under the Caspian Sea.

Mr Ed Smith, general director of the Caspian Pipeline Consortium for Oman Oil, said that Kazakhstan, Russia and Oman agreed in Moscow to reduce their stake to just over 50 per cent, with Oman reducing its share from a third to "approximately 10 per cent".

Russian and Kazakh officials declined to comment or were unreachable. Earlier reports of an agreement have proved unfounded, and both Russia and Kazakhstan have backtracked on signed agreements in the past.

Mr Smith said Russia and Kazakhstan would still need to agree on their stakes, based on the assets they brought to the project. But even a preliminary agreement could set the ground rules for talks with potential investors in London on Friday, Mr Smith said. Agip, Arco, British Gas, Chevron, Mobil and the Russian companies Lukoil, Transneft and Rosneft were expected to attend.

Since the consortium was founded in 1992, Chevron has refused to join on the grounds that Oman Oil wanted it to provide the bulk of the invest-

ment as well as pay a transport tariff, in return for a stake of only 25 per cent.

"We're encouraged by the flexibility demonstrated by Russia, Kazakhstan and Oman in reaching agreement on a viable business structure for a workable project," said Mr Mike Libbey, a Chevron spokesman, adding that his company would attend the London meeting.

Mr Smith said Kazakhstan would probably agree to hand over more of its share than Russia, on the grounds that the Russian assets were more valuable. Kazakhstan has been loath to cut its share but has been unable to find investors for a pipeline that would evade its northern neighbour.

President Nursultan Nazarbayev of Kazakhstan announced in January that his country and Russia had agreed to cut their stakes to 25 per cent each, leaving only 5 per cent for Oman Oil. Other Kazakh officials claimed Oman Oil had lost all rights to the project because it had missed a financing deadline last fall.

Chevron, Mobil, British Gas and Agip last year submitted an alternative proposal for a consortium without Oman Oil, but some have indicated they would not object to Oman keeping a minor share. Lukoil, which last year brokered a deal between Azerbaijan and Russia for a similar pipeline, recently claimed success in lobbying for a share in the Tengiz project.

Mr Smith said Lukoil's expected share would supplement, not replace, the Russian government stake.

To obtain bank financing, most experts agree, new members of a consortium would still need more solid Russian guarantees, both on legal rights to the assets provided by the Russian government and on the volume of Russian oil shipped through the pipeline in the initial stages of the project.

Many oil experts had presumed that Russia had made its co-operation contingent on political concessions from Kazakhstan, for instance on the disputed status of the Caspian Sea. But Moscow also stands to gain from transport fees and from the first phase of construction, which would clear a bottleneck in the Russian pipeline network near Novorossiisk.

German spending cap fears resurface

By Michael Lindemann in Bonn

Forecasts that the German budget deficit this year - predicted at DM50bn (£27bn) - would in fact be DM20bn higher have prompted fears that Mr Theo Waigel, the finance minister, will have to announce a cap on government spending because of lower tax revenues.

Press reports suggested the spending restrictions would only be introduced after three state elections had taken place on March 24, the next important date in Germany's political calendar. However, the finance ministry insisted no decision had been taken and that a final decision had "nothing to do with the elections".

Fears about lower tax revenues caused Mr Waigel to demand last October that all government expenditure over DM1m be cleared with his ministry. That spending cap, however, ran out on December 31.

According to weekend press reports both Ms Ingrid Matthies-Maier, the Social Democrat's budget spokeswoman, and an unnamed member of the governing Christian Democrat coalition warned that this year's budget deficit would be DM20bn higher than expected because of lower tax revenues and the higher costs of rising unemployment.

However, the finance ministry said it expected tax revenues to be DM5bn lower than forecast last November.

French set to air some grievances

By David Buchan in Paris

The French government will set out its general position regarding the forthcoming European intergovernmental conference (IGC) in a declaration to the National Assembly on Wednesday that will probably stir less controversy than the debate itself.

Many deputies, particularly within the governing centre-right coalition, may want to use the occasion to air a series of Euro-grievances. These include the perceived damage to France of "competitive devaluations" by some of its neighbours, and the difficulty posed by what it considers to be lax Dutch drug policy in removing controls on borders within the Schengen convention.

These may seem secondary issues to the overall French goals of keeping economic and monetary union on track and of reforming Brussels institutions so they can play a more effective foreign and security policy role. But the government was pushed by the assembly last month into proposing tougher action against countries remaining outside the Euro which abuse their exchange rate freedom.

The main French political parties - or at least their leaders - broadly agree on the need to take more decisions on regular EU business by majority, to boost the power of the Council of Ministers in which bigger states like France should have a more weighty

Socialist leaders believe aggressive unemployment measures are the key to public acceptance of Emu

Socialist leaders yesterday urged the European Union to adopt aggressive measures to fight unemployment as the only way to gain public acceptance of a single currency, writes Peter Wise in Sintra.

European socialist and social democratic party leaders meeting in Sintra, Portugal, called for practical steps to create jobs to be written into the EU treaty when it was revised at this year's intergovernmental conference.

"The goal of full employment should be anchored explicitly in the treaty... and a supervision system for the employment policy of member states should be considered," Mr Franz Vranitzky, the Austrian chancellor, said in a report adopted by the group.

Mr Rudolf Scharping of Germany's opposition Social Democratic party (SPD) said socialist leaders strongly opposed any turning away from the established timetable and economic convergence criteria for European monetary union. Emu was essential to Europe's economic competitiveness and further integration, he said. But it would not win the public support vital to success without "aggressive efforts" to lower unemployment, particularly among the young, and provide more job training.

Setting up a European Employment Union

(KEU) that sets employment targets and minimum social standards is one of the main suggestions of Mr Vranitzky's report on how to deal with the impact of Emu on employment and social policy.

Proposals to reduce bureaucratic obstacles to businesses and create jobs by deregulation should be resolutely rejected, he says, because they would lower social standards and damage the environment.

The main task of an EEU, an idea that originates with Mr Allan Larsson, a Swedish social democrat, would be to fix employment goals compatible with public debt levels. It would also seek to improve productivity to resist inflationary pressures and enable uniform social standards to be met.

National and regional programmes would be developed on the basis of employment targets and would be financed by allocating more money to the European Social Fund. Member states not in the EEU would not be eligible for ESP funds. To help create jobs, more should be spent on the environment, research and development, education and trans-European infrastructure networks, Mr Vranitzky says. But funds should be raised by reshuffling not increasing the EU budget.

Elysee treaty still seems adequate.

Therefore, Mr Chirac and his government go into the IGC in Turin with their parliamentary rear and their flank across the Rhine relatively well safeguarded. In this comfortable position, the president is said to be planning nothing more in the run-up to the opening on March 29 than penning a major article in the French press.

vote, to reduce the number of commissioners in a European Commission which should focus more on executing than on making policy, and to streamline EU foreign policy and add a defence dimension to it.

Much of this Gaullist-tinged consensus rests also on the accommodation reached last year between President Jacques Chirac and Chancellor

Helmut Kohl, who has not endorsed the Euro-federalist proposals of some in his party. Indeed, the relative ease with which France and Germany have arrived at a joint position has somewhat blunted the call by Mr Edouard Balladur, the ex-prime minister, for a new pact between Paris and Bonn. In the absence of serious strains between France and Germany, their existing 1963

EUROPEAN PRESS REVIEW

Decisive poll proves most indecisive

SPAIN

By David White

On a bright morning a week ago, Spaniards awoke to find a distinct whiff of Mediterranean politics had wafted in on the breeze. General elections, which the combative daily *El Mundo* had confidently billed as "the most decisive in 20 years of democracy", turned out to be the most indecisive.

It was an upside-down kind of election. The centre-right Popular party won, but looked stunned after securing fewer seats than previous winning parties. The Communist-led United Left also gained, but was down in the dumps. The Socialists were defeated, for the first time since 1978, but were laughing. And the Catalan nationalists of *Convergència i Unió* lost ground but, with all of 10 MPs, were now able to call the shots.

The week's initial rounds of inter-party conversations brought Spain no closer to a new government, with a reluctant suitor - the PP - courting an even more reluctant Catalan partner.

Editorialists pondered the risk of slipping into Italian-style politics. Newspapers as far apart as *El Pais*, broadly sympathetic to the outgoing Socialist administration, and the strongly conservative *ABC* both said it would be "a collective failure" if there had to be another election.

"Prolonging the current provisional situation, apart from revealing the cleverness of certain political leaders, could bode ill for the Spanish economy," *El Pais* cautioned. The financial newspaper *Cinco Dias* described the result as "a sad victory" for the PP leader, Mr José María Aznar. "Unfortunately, the election results are not an invitation to consumers and investors to mobilise," it reckoned, was ready to embark on a more ambitious growth phase. "All that it needs is that the politicians should not become an impediment."

El Mundo, which had set its heart on finishing off Mr Felipe González, prime minister for the past 13 years, saw the main message of the elections as the defeat of *felipismo* - "a welcome historic event". But it was also critical of Mr Aznar, complaining of his "worrying lack of sensitivity" towards Catalan and Basque nationalism.

"He must recognise openly that he made a mistake in Catalonia... it is as elemental as that: you cannot engage in politics in Catalonia against the immense majority of Catalans," it said. Mr Aznar had to show he was as centrist as he claimed. "Either he will have to govern from the centre, or not govern."

El Pais deplored the lack of a consensus culture in Spanish politics. "The sectarianism and aggression that have become part of political life, especially in the past three or four years, do not correspond with the reality of Spanish society."

apart from being sterile and useless, are aimed only at humiliating the adversary... When political parties in any democracy make agreements, they do not agree on the mystery of the Holy Trinity, but on concrete programmes."

It called for a fully fledged coalition with regionalist parties, based on a more federal state. "The ballot-box has created an historic opportunity to complete something that was unfinished and to do away with secular fears and resentments," it said.

However, the Barcelona daily *El Periódico de Catalunya* said grassroots *Convergència* supporters were "unanimously and radically opposed to an agreement with Aznar". It summed up the dilemma of the negotiations: "This is a process which has to be gradual but which must be done in as little time as possible."

"The Catalan-language daily *Ara* doubted if a pact could be reached in time. "It is not possible to improvise a regional policy radically different to the one proposed in [the PP's] own programme in a few days."

Other regions with PP governments, it said, were opposed to granting special concessions to Catalonia, and the PP was allied to "viscerally anti-Catalan" parties in Aragón and Valencia.

"Between now and the legislature debate, there can be no miracles." The only option was for Mr Aznar to seek co-operation, or non-belligerence, from the Socialists.

Aznar warns on single currency

Spain would write-off its chances of qualifying as a founder-member of the European single currency if it were forced to hold another general election this year, Mr José María Aznar, leader of the centre-right Popular party, said yesterday, David White writes from Madrid.

Mr Aznar, who is trying to negotiate support for a PP government after his party's narrow election win last week, said in an interview with the daily newspaper *ABC* that new elections would "totally and definitively" rule out prospects of meeting the European Union convergence criteria. "It would be extremely serious for Spain and would mean missing the Maastricht train and the opportunity of placing the Spanish economy in a process of growth, reform and job-creation."

In a later editorial, *El Pais* pointed out that it would be technically possible to form a government without the PP. Equally, if Mr Aznar lost his investiture vote next month, the king could nominate another PP candidate, or an independent.

"An unthinkable folly," retorted *ABC*. King Juan Carlos had too much "prudence and good sense". Mr Aznar, it insisted, was the only

possible candidate for prime minister, and was condemned to reaching an understanding with the Catalan party.

But for *Diario 16*, the Catalan conditions for backing Mr Aznar "border on childish absurdity". It dismissed as "ridiculous" their insistence that the PP should recognise Catalonia as a "nation" rather than a region.

"All these demands for solemn declarations of principle

Lady Thatcher unleashes Star Wars broadside in US

By Bruce Clark, Diplomatic Correspondent

Lady Thatcher, the former British prime minister, has plunged into an intensely partisan US debate by calling for a new version of Star Wars to ward off the threat from rogue states with nuclear, chemical or biological weapons.

In a speech at the weekend in Fulton, Missouri - where Winston Churchill warned 50 years ago of an "iron curtain" descending on Europe - she berated the west for failing to prepare for a new threat from

weapons of mass destruction. The lecture's timing and location were clearly intended to create the impression of an appeal to history that rose above daily politics. But her chosen theme was one of the touchstone issues in Washington's ideological debate.

The speech placed her in the camp of the conservative Republicans who are pressing President Bill Clinton to renounce the anti-ballistic missile (ABM) treaty of 1972 and invest heavily in a nuclear shield.

The issue provides one of the sharpest dividing lines in the US foreign policy debate. Preserving the ABM treaty has been central to Mr Clinton's policy of co-operating with Russia over core arms-control issues, even at times when relations between the two countries are under strain.

Lady Thatcher threw her weight behind Senator Jesse Helms and other conservatives who argue that the ABM treaty is a cold-war relic with no relevance to an age when up to 30 countries have, or will soon acquire, long-range missiles.

"Acquiring an effective global defence against ballistic missiles

is... a matter of the greatest importance," she said, adding that "co-ordinating the contribution of America's allies" to such a system could provide a new mission for a rejuvenated, enlarged Nato.

"For Washington's political right, the speech was a boost for their attempts to demonstrate that Mr Clinton's handling of parish states has been soft."

"Lady Thatcher is on target," said Mr Joshua Muravchik, a conservative foreign affairs analyst. "If we are going to allow irresponsible states like North Korea to keep their

arsenals, it's essential that we have defences against them."

But her vision of an expanded Nato, renewing itself through a new Star Wars programme, will not meet with universal approval among strategists, even conservatives, on either side of the Atlantic.

In the past, US plans to build a nuclear shield have alarmed Europeans, who feared that their territory would be left unprotected - and US defence contractors would be the principal beneficiaries.

To European defence ministries, a nuclear shield sounds like isolationism or American technocracy," said Mr Dan Plesch, director of Basic, a left-wing think-tank.

In the US, meanwhile, part of the conservative constituency which favours anti-missile defences has become sceptical about maintaining, let alone extending, the US commitment to protecting western Europe.

US opponents of Nato enlargement range from isolationists such as Mr Pat Buchanan, the Republican presidential candidate, to veteran arms control experts like Mr Fred Ikle who argue that alienating Russia is too high a price to pay.



Mrs Tansu Ciller: "We need to take a few more radical steps, not many more"

Reluctant Ciller gives up power

By John Barham and Edward Mortimer in Ankara

Mrs Tansu Ciller, Turkey's outgoing prime minister, began a nine-month period out of power at the weekend by saying she intended to retain a strong voice in running the country's affairs.

Mrs Ciller and Mr Mesut Yilmaz, the new prime minister, have agreed to rotate the premiership as part of the coalition agreement between their two rival conservative parties.

She said: "I will sit together with Mr Yilmaz and talk about these affairs together. As far as internal and external affairs are concerned we will come up with policies together."

Mrs Ciller and Mr Yilmaz have divided government portfolios between their parties. Mrs Ciller's True Path party has nine ministries, including the foreign ministry. Mr Yilmaz's smaller Motherland party has eight, including defence and interior. Each has eight ministers of state in the 33-member cabinet.

However, they will share economic policy-making. Mrs Ciller said she planned to insist on her views: "This is a coalition government, and the larger party is my party, and what I did was a personal sacrifice. [True Path] is the larger party, but Mr Yilmaz will take the premiership first."

"The party is there and the ministers I have chosen are there. I am trying to support this government because the success of the government is the success of the country. Having gone through such a hard time, with a very radical stabilisation programme I know exactly what needs to be done further. When I insist on something it's not because I want it, it's because it's a necessity for the country."

Mrs Ciller recognised that winning parliamentary approval for reforms would be difficult, since the coalition is 15 seats short of a majority in parliament. It must rely on support from the centre-left Democratic Left party of Mr Bülent Ecevit, a former prime minister.

"If we go along with consensus as far as parliament is concerned it will not be radical enough. We need to take a few more radical steps, not many more," Mrs Ciller said reforming the social security system was the new government's top economic priority: "Its deficit is almost as big as the budget deficit. And we have to overcome it with a minority government."

Mr Ecevit has warned he is not committed to allow passage of any measures "which go against our principles", which suggests such economic reforms will indeed be difficult for the new government to push through.

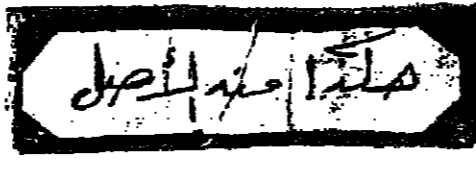
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NEWS: MIDDLE EAST

EU appeals to Israel on aid for Gaza

By Lionel Barber in Palermo

The EU yesterday appealed to Israel to allow food, humanitarian and construction aid to flow to Palestinians in Gaza, in an attempt to shore up President Yasser Arafat.

They tempered their plea with support for Mr Shimon Peres, Israeli prime minister, and approved a joint approach to Iran and Libya to end their support for terrorism.

At a weekend meeting in Palermo, Sicily, EU foreign ministers rejected US and Israeli pressure to break off "critical dialogue" with Iran. The Tehran regime, suspected of financing and organising terrorism, has offered moral support to the suicide bombers in Israel.

A joint statement underlined the EU's determination to bolster its diplomatic engagement in the Middle East prior to the anti-terrorism summit in Egypt on Wednesday.

The Union's declaration - studiously even-handed - said safeguarding the security of Israeli and Palestinian populations was a "fundamental element" in carrying out the peace process, which had to be made "irreversible".

While urging President Arafat to take every step to arrest those responsible for terrorism, the statement added: "We recognise the hardship imposed on the Palestinian population resulting from the closure by Israel for security reasons of all land and sea borders with Gaza and the West Bank."

"We therefore call on Israel to allow humanitarian assistance and materials for the internationally financed reconstruction programmes to go through, under appropriate security safeguards, but without undue delay."

Diplomats said the EU was determined not to isolate Mr Arafat, under pressure from the Israeli government to clamp down on the militant group Hamas.

The EU is giving Ecu90m

Mr Süleyman Demirel, Turkey's president, arrives in Israel today for a four-day tour, which is expected to focus on issues such as the Middle East peace process and terrorism, John Barham reports from Ankara. Turkey has become one of Israel's closest allies in the Middle East.

Mr Demirel is expected to sign a free trade agreement with Israel, eliminating import barriers on almost all bilateral trade. A four-year transition period will protect certain "sensitive" sectors, particularly Israel's textile industry.

Turkey is also expected to conclude a \$600m (2422m) contract with Israel Aircraft Industries soon, to upgrade 54 Turkish Air Force Phantom F-4 fighter bombers.

(\$112.5m) to the Palestinian territories in 1996, almost half the international aid effort and triple the US contribution. But despite efforts to make the Middle East a showcase for its fledgling common foreign and security policy, the Union's initial reaction to the suicide bombings last week was convoluted.

Mrs Susanna Agnelli, Italian foreign minister who chaired the talks, made little effort to hide her frustration over French suggestions that a weak Italian presidency had forced Mr Hervé de Charette, French foreign minister, and Mr Klaus Kinkel, his German counterpart, to fly to Israel in the wake of her own visit.

The EU's anti-terrorism approach to Iran and Libya will be handled by senior officials from Spain, Italy and Ireland, which form the so-called troika of past, present and future EU presidencies.

Syria was initially on the target list as well, but several countries and the European Commission objected that Damascus was a party to the peace process.

Journey of fear on Jerusalem's bus No 18

Julian Ozanne speaks to commuters using a route hit by bombers on consecutive Sundays

On two consecutive Sundays Jerusalem's Number 18 bus has been blown apart by Islamist suicide bombers during the morning rush hour, killing 44 people. Yesterday, as passengers boarded the 6.47am No 18 service, there was a palpable sense of fear.

"They have made us so afraid to do the thing that normal people everywhere do without thinking - take a morning bus to work," said Ms Sarit Aldema, a 20-year-old student who trembled as the bus passed near the Old City. This is the stop where police believe the Palestinian suicide bombers boarded the buses attacked.

"When you wake up, you think maybe it's better to leave a little later. As you leave the house you think, Shall I take this bus, or maybe wait for the next one? - which one will be more lucky? The worse thing is that it makes you afraid of every Arab you see. Maybe he will be the one coming to kill us."

Ms Aldema said that since the first bus bombing on February 25 she had avoided taking the bus and instead used taxis. "But this isn't an answer. We must trust the security forces otherwise we will live in fear forever."

Yesterday's fear was exacerbated by a Hamas threat to cancel its offer of a four-month ceasefire and to carry out more bombings. Bus drivers said many of the No 18s were nearly empty. All along the route soldiers patrolled the bus stops, questioning morning commuters, searching bags and boarding the bus to check the litter bin.

Tense passengers scrutinised everybody who got on the vehicles. At the Old City, several Arabs were splayed out against a corrugated iron fence being frisked by police in bullet-proof jackets.

The bombings of the No 18 buses have had a devastating effect on the Katamon neighbourhood, the first community on the route to central Jerusalem. Many of the bombing victims lived in Katamon.

"I take the No 18 every morning," said Ms Gluskin Tatiana, a Katamon resident who arrived from Russia five years ago and works at the Yad Vashem holocaust museum. "I used to see the same faces on the bus every day and now, suddenly, they are not here anymore. There is a very big pain of loss in my heart."

"Look around, everybody is afraid. Nobody knows what will happen. Only God knows."

Eight of the victims of the first bombing lived in Katamon; three were from the same school. Many of the Katamon residents on yesterday's bus



Show of force: An Israeli soldier boards a near-empty No 18 bus in Jerusalem yesterday

told how they had narrowly avoided taking one of the doomed vehicles on the two previous Sundays.

Those who narrowly escaped death drew deeply on their Jewish faith.

Mr Abraham Cohen took the No 18 every day from Katamon on his way to work at the Motza winery on the outskirts of Jerusalem. On the first Sunday he got off the bus seconds before it blew up. On the second Sunday he was seriously wounded. "Apparently somebody is watching over Avra-

ham," his brother Salim told an Israeli newspaper.

"In one week his life was given to him as a gift twice. This time, after he heals, God willing, we will take him to synagogue to say the rescue prayer." The *gamel* (rescue) prayer is a traditional Jewish blessing for those who have miraculously passed through a life-threatening experience.

Among the bravest people on the No 18 route are the drivers of the Egged bus company who have consistently turned up for work. The Gonen bus station,

where the No 18 originates, has been nicknamed the "cursed station". Five buses from the Gonen station have been attacked since 1967. Last week Mr Shmuel Halifa, Egged's Jerusalem director, said: "The drivers feel like they are in the middle of a game of Russian roulette." A psychologist has been hired to counsel them.

Many of the drivers wrap themselves in *tefillin* - leather straps and small boxes containing Hebrew texts worn by Jews during prayer - and say prayers before they start their

work. "In these times belief is our weapon," said one driver. "Their wives also suffer. My wife was very worried this morning," said Mr Benny Benjamin, the driver of yesterday's 6.47am bus. "She said I must look left and right and look at everyone who gets on my bus as a potential terrorist. It's really tense on the buses, but especially on this No 18. It reminds me of the Lebanon war."

The grief and mourning in Israel last week cast a shadow over Purim, the Jewish festival when children dress up in masks and costumes.

Many children were overwhelmed and confused by the atrocities. But Vladimir Koshulov, 8, who lost his parents in the first attack on bus No 18, provided a remarkable glimmer of hope.

After the second bombing he described how he had gone to bed and imagined he was talking with his dead parents. "I told them a horrible tragedy happened, and that many people are crying. I told my mother I am afraid, because every Sunday they blow up a bus in Israel and I am worried. I want to dress up as a Hamas man, to penetrate into the Gaza Strip and find the Hamas leader there. I want to plead with him 'enough murder, don't kill any more Jews, let's be friends'."

Election boost for Rafsanjani UN team searches Baghdad building

By Robin Allen in Dubai

Iranian President Ali Akbar Hashemi Rafsanjani's chances of accelerating economic reform appeared to have improved at the weekend following gains made by reformist candidates in the first round of parliamentary elections, held on Friday.

Early results issued yesterday suggested the reformist centre-right faction, the Servants of Construction (also known as G16), had made gains at the expense of conservatives, represented by a group known as the Assembly of Combatant Clergy. This group had held a majority of

150-160 seats in the former parliament.

More than 32m people were entitled to vote in the race for 270 parliamentary seats. Political commentators suggested about 60 per cent voted.

Economic issues dominated the elections. Public criticism had focused on soaring inflation, officially put at 54 per cent, and a stagnant economy. The business community, in particular, is critical of the government's top-heavy role in the economy.

By yesterday evening, the G16 was claiming it had won more than 65 of the 140 seats where results were known. Commentators in Tehran were

unsure, however, how many of these were outright wins. Traditional conservatives had won 35 seats outright, 53 had lost their seats, and 21 have to contest a second round.

The only outright winner in Tehran, which returns 30 members to parliament, was President Rafsanjani's daughter, Faehzeh Hashemi, who, like her father, is a strong supporter of economic adjustment and liberalisation. She was standing on the G16 list.

Observers said that her success, and that of the first outright declared winner in Isfahan, also a woman on the G16 ticket, could encourage many women to vote in the run-off.

This is due on April 20.

Mr Bijan Khajepour, managing director of Tehran-based Atfeh Bahar Management Consultancy, suggested the moderates might ultimately emerge with enough seats, possibly 100, to form a loose coalition with independents, represented by provincial businessmen and other individuals well known in their communities.

This might be enough to give Mr Rafsanjani the authority he needs to push ahead with reforms, and to ensure that his successor in presidential elections in August next year continues with his policies.

United Nations arms experts found no prohibited documents or materials in a Baghdad government building searched over the weekend, Reuter reports from Baghdad.

The UN special commission disarming Iraq searched the building housing the irrigation ministry, where they suspected Iraq had hidden documents related to its banned weapons. About 40 international arms experts were refused access when they tried to enter on Friday.

Baghdad later allowed them in after a claim from the Security Council that Iraqi obstruction constituted a violation of ceasefire terms that ended the 1991 Gulf war over Kuwait.

The building was previously occupied by the FAO establishment, one of Iraq's largest state-owned companies, which spearheaded the country's post-Gulf war reconstruction drive.

Under the ceasefire Iraq has to rid itself of missiles with ranges beyond 150km, along with the means to produce them. This is a precondition for the lifting of UN sanctions.

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NEWS: INTERNATIONAL

Cubans' nostalgia powers Florida politics

Patti Waldmeir meets exiles who are a voting force to reckon with in Miami's primaries

Alfredo Duran is homesick for Cuba. He was not born there, has never lived there and visited Havana briefly only once. But for all his 34 years, Mr Duran, who publishes a Spanish-language newspaper for second-generation Cuban exiles, has felt what he calls "a profound nostalgia for Cuba".

That nostalgia is a potent force in the politics of Florida, which votes tomorrow along with six other states in the "Super Tuesday" presidential primaries.

It is also a sentiment which has made Cuban-Americans one of the most solidly Republican ethnic voting blocs in the nation, a group with enormous right-wing clout and influence over US policy towards Cuba.

But it is also a sentiment which has sent men to their deaths: Carlos Costa and Mario de la Peña, two of the pilots shot down by Cuban fighter jets two weeks ago, were also born and bred in America. They were exiles, like the 700,000 other Cuban-Americans in south Florida - but from a country they never knew.

For 37 years, Cubans have fled to Miami, political or economic refugees from Fidel Castro's communism. Now they have achieved critical mass: Cuban-Americans

control municipal government - sometimes winning a reputation for strong-arm tactics - and dominate the city's culture. The psychology, the pace, the language and the body language of Miami are all Cuban. Spanish is spoken everywhere in the streets, and not just by those who sweep them.

Miami is a powerfully insular ethnic enclave, where one can be delivered by a Cuban obstetrician, buried by a Cuban undertaker, and live the life between in a Cuban cocoon.

Unlike earlier immigrant communities, Cuban-Americans have fought assimilation. They came to America not to make a new life, but to wait for the restoration of the old one.

Even after 37 years - years which have been good to the exiles, some of whom have become millionaires in Miami - America is still not home. Whether in working-class Hialeah, with its faded pastel bungalows and fenced untidy yards, or in upmarket Coral Gables, with its blend of American opulence and Spanish charm, the anger seethes.

Time has not mellowed their fury; each new wave of wretched indigents arriving on rafts, each new visit from

peniless relatives, has fuelled it.

Last month's loss of two unarmed Cessnas - flown by Brothers to the Rescue, an exile group which rescues fleeing refugees from the waters off Cuba but has also dropped political leaflets over Havana - has given old passions a new focus.

Cuban-Americans nurture exile like a wound which they continually re-open. The original wound - the expropriation of the petrol station or the grocery store, the cattle ranch or the sugar estate - is compounded by the nostalgia for 1950s Havana, where tribal memory says the breeze was cooler and the palms greener than in Miami.

But the real wound, even for those who left Cuba as small children or were born in Miami, is the loss not of a country but of a homeland. Otto de Cordoba is a successful Cuban-American lawyer with an elegant office overlooking a sparkling ocean: he left Cuba when he was four, remembers nothing about it, but still speaks with a slight Cuban accent and holds what he calls a "personal grudge" against Castro. "He took away my patrimony."

Mr de Cordoba would like to sue to recover expropriated family property, but even



Presidential candidate Steve Forbes, campaigning in Miami, because attached to a macaw which he named Bob Dole

"But in my heart of hearts, I'm Cuban."

That statement masks a crisis of identity felt by Cuban-Americans. Many say they do not even know where they wish to be buried, one Miami banker spoke for many when she said she wanted her ashes strewn in the Florida Strait, between the two countries.

But Cuban-Americans will not always have the luxury to avoid such choices. "People are waiting with a mixture of expectation and dread for the day Fidel falls," says Mr de Cordoba's brother, José. "Then they will have to look in the mirror and say, 'what am I?' - and decide whether to return to Cuba."

Surveys conducted by Florida International University show that only 20 per cent of exiles plan to do so. Prof Lisandro Perez, an expert on the exile phenomenon, says returning is not the point. "The goal of the exile community is to triumph over Castro, not necessarily to go back."

Most Miami Cubans dream of a day when they can make the island a second home: they talk of holding breakfast meetings in Havana - but returning to sleep in Miami. True to their entrepreneurial souls, all dream of the business opportunities in a capitalist Cuba. But everyone worries that the past year for will turn out to be a foreign country.

INTERNATIONAL NEWS DIGEST

China reforms to cost £39bn

Reforms of China's loss-making state enterprises, including the shedding of millions of surplus workers, would cost some Yn500bn (€39bn) during the next five years, according to the State Statistics Bureau. This is the first time China has put a figure on reforming the debt-burdened state sector and reflects the magnitude of the task facing Chinese policymakers.

The statistics bureau forecast reforms would mean shedding 8m jobs at a cost to the state of Yn160bn. The cuts would represent about 10 per cent of China's state-employed industrial workers. China would also earmark Yn30bn to strengthen the balance sheets of loss-making companies. These funds would go to 1,000 key enterprises singled out for special assistance. This will involve providing help, including debt forgiveness, low-interest loans and technical assistance, for enterprises deemed critical to the national interest, while allowing the rest to fend for themselves.

China has indicated that it will encourage mergers, acquisitions, privatisation or bankruptcy for enterprises that cannot make their way. The statistics bureau report said Yn35bn would be set aside to off-set bad debts of state-run firms to be declared bankrupt.

GE and RR plan aircraft link

General Electric of the US and Rolls-Royce of the UK are putting the finishing touches to arrangements that will see them working together to design and produce a new generation of engines for US military combat aircraft.

This would be the first substantial link between the two groups since their civil engines alliance ended in 1987 amid recriminations on both sides.

The two have been brought together again by Rolls' acquisition for £300m last year of Allison, a US engine producer that already had joined GE to develop engines for the US's Joint Attack Strike Technology (Jast) programme. Rolls said yesterday it was "looking to formalise our relationship in the team lead by GE". An official said this could be "quite important" for Rolls, but only in the long term, because the new US combat aircraft were not expected to be flying until about 2005.

The GE team is competing with another US group, Pratt & Whitney, for Jast orders. They are to develop two engines, one a vertical take-off power plant. Rolls claims to be the only aircraft engine maker with experience of designing and producing such power plants.

Call for new Bangladesh polls

Bangladesh's main opposition leader yesterday urged the country's president to form an interim government and supervise fresh elections to end the country's two-year-old political deadlock. But Sheikh Hasina, head of the Awami League, said her party and two others would resume their "non-co-operation" campaign of strikes and protests within 24 hours unless Mrs Khaleda Zia, the prime minister, resigned and annulled last month's boycotted poll. "We will call off all protests as soon as the caretaker administration takes charge," she said.

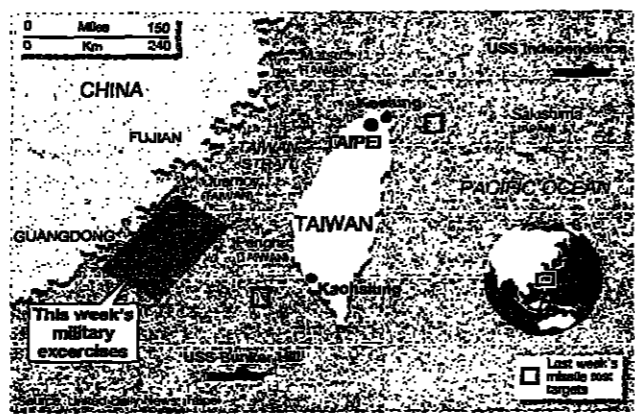
More than 70 people have been killed and over 1,000 injured in violent clashes since the February 15 election returned Mrs Zia's Bangladesh Nationalist party to power essentially unopposed. Clashes continued yesterday as President Abdur Rahman Biswas met Sheikh Hasina and other opposition leaders - at Mrs Zia's suggestion - for talks on the conflict. Mrs Zia has acceded to opposition calls that a neutral interim government hold fresh elections, but insisted this must be accepted by the new parliament. Sheikh Hasina says the opposition does not recognise the parliament and called an indefinite stoppage. *Mark Nicholson, South Asia Correspondent*

Japan to cut drug prices

Japan is to cut official drug prices used to reimburse medical institutions by an average 6.5 per cent.

The cut, announced on Friday, comprises a 6.8 per cent general price reduction and an average 1.7 per cent additional cut for drugs which have posted unexpectedly high sales. The move is part of the government's effort to reduce the mounting health care bill borne by the state. Drug spending accounts for 30 per cent of Japan's Y27,500bn (€170bn) overall annual medical costs. The price cuts are aimed at reducing the Y1,200bn in profits made by medical institutions which buy the drugs from wholesalers and pharmaceutical companies at discounts and are reimbursed by the state at official prices.

Companies whose drugs have been targets of special price reductions include Ono Pharmaceutical, a company based in Osaka, which faces a 25 per cent price cut in Kinadac, a diabetic neuropathy drug which accounts for 24 per cent of its profits. *Emiko Terazono, Tokyo*



Chinese media keep up pressure against Taiwan

By Tony Walker in Beijing

China yesterday added weight to its campaign against Taiwan with a hard-hitting newspaper commentary warning that Beijing would not hesitate to take military action to stop Taiwanese independence moves.

China also expelled five Taiwanese and Hong Kong journalists yesterday, accusing them of being near a south-eastern coastal area where the People's Liberation Army is holding military exercises.

"We will do everything to safeguard the motherland's unity. We mean what we say," said the commentary, published simultaneously in the People's Daily, the Communist party newspaper, and Liberation Army Daily. The joint editorial also said that Taiwan's drive to boost its international profile "will bring grave disaster to the 23m Taiwan compatriots, something we do not wish to happen".

The People's Daily commentary warned that the "true danger" to regional security lay in efforts by Taiwan's President Lee Teng-hui to promote "his independence policy" and "sabotage the motherland's reunification". Three Hong Kong women reporters, whose names and news organisations were not given, were expelled by China's Public Security Bureau officials in south-eastern Fujian province for violating the state security law, the official news agency Xinhua reported.

China earlier released from detention and deported two Taiwan television journalists accused of gathering military secrets in Fujian province. The three from Hong Kong had been detained on Friday for conducting illegal interviews in an area where the PLA was holding exercises, Xinhua said.

The PLA began missile tests on Friday, firing three M-9s into the sea near Taiwan. The Hong Kong journalists had flown to the provincial capital of Fuzhou last Wednesday, and admitted entering the exercise area to obtain information about the war games, Xinhua said.

The agency said they had confessed to stealing military secrets and had illegally videotaped part of a military exercise. Journalists are not allowed to report anywhere in China without obtaining permission in advance from local authorities.

Jargon befuddles US investors

By Lisa Branstetter in New York

When Boston Beer offered shares directly to consumers last year through coupons in its six-packs, it knew it had to make the offering documents simple enough for the average beer drinker to understand.

But by the time the lawyers finished filling the prospectus with legal jargon to fend off potential lawsuits, some of the most salient information was either hard to find or difficult to understand. So to answer the question, the company included a question and answer section to explain the offering in plain English.

"It was our way to deal with the complexity of the offering," says Mr Alex Gregory, one of the investment bankers on the deal and now in Boston Beer's investors relations department.

Now the Securities and Exchange Commission, which oversees the selling and trading of securities in the US, would like to see all prospectuses made simpler for investors to understand. A report issued last week by the SEC's task force on dis-

closure simplification made more than 100 recommendations to clarify disclosure materials it said were often "turgid, opaque and unreadable".

Among the recommendations were a simple question-and-answer section at the front of the document and the elimination of most legal warnings from the front page.

One reason for the often complex and over-inclusive documents is a US legal climate in which investors often sue investment banks if shares do not hold their value after an offering.

Mr Kevin Cramer, a corporate lawyer at Jones Day in Washington, agrees there is a problem with clarity, and acknowledges his prospectuses are not always as concise as they could be.

As an example, he says he often insists that clients include the following paragraph in offering documents: "There can be no assurance that the market price of the Common Stock after the offering will equal or exceed the initial offering price. Factors such as quarterly fluctuations in

Colony's growth would be hit if US withdrew Beijing's MFN status

HK warning on Chinese trade

By John Piddling in Hong Kong

Hong Kong's economic growth rate would fall sharply if China lost its Most Favoured Nation trading status in the US, the Hong Kong government warned at the weekend.

Miss Denise Yue, secretary for trade and industry, yesterday left for Washington with the message that growth in Hong Kong's gross domestic product could be cut by 2 to 3 percentage points if China's MFN status was revoked. That compares with a trend for the annual growth rate of about 5 per cent.

The warning comes amid concerns in Hong Kong about trade relations between China and the US. It reflects Hong Kong's role as a processing port for mainland exports and as a regional hub for trade and related services.

Private economists said it was difficult to estimate the impact on trade flows of China's MFN status. But they agreed that the economic integration between Hong Kong

and the mainland, and Hong Kong's role as a trading hub, left it exposed to the MFN issue.

"MFN renewal is a crucial element in the continued economic development of Hong Kong, particularly at this critical phase of the transition," said Miss Yue, referring to the colony's transfer from British to Chinese sovereignty in July next year.

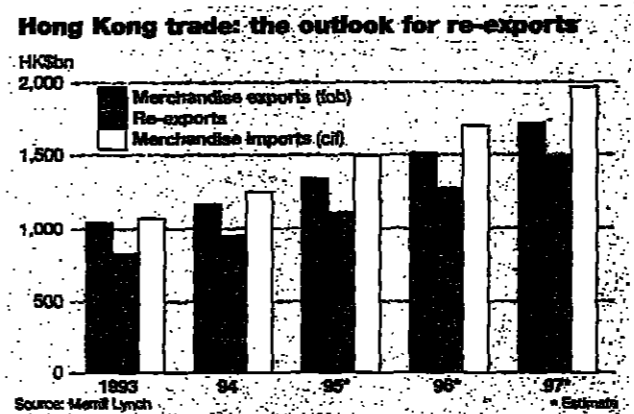
Trade disputes, including a clash over the protection of intellectual property rights, have strained relations between China and the US. Human rights issues in China have also clouded prospects for the renewal of its MFN status.

"We shall argue strongly that the MFN issue should not be linked with non-trade issues," said Miss Yue. She accepted, however, that the situation had become more complex this year as a result of

presidential and congressional elections. According to Hong Kong government estimates, the revocation of China's MFN status could prompt a reduction of between 31 per cent and 45 per cent in re-exports from China to the US. That is equivalent to between HK\$66bn (€5.6bn) and HK\$98bn worth of shipments.

Together with other related trade flows, the government warned that the withdrawal of MFN status could lead to a reduction of 6-8 per cent in Hong Kong's overall trade, equivalent to between HK\$161bn and HK\$234bn. "There would be a further loss if China cut back on its imports from the US as a result," said Miss Yue.

Hong Kong's budget for 1996-1997, unveiled last week, forecast real GDP growth of 5 per cent this year. Mr Donald Tsang, financial secretary, said much of the expected trade growth would come from re-exports, which are expected to rise by more than 10 per cent.



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Brittan challenges Asia to speed opening of telecoms markets

By Guy de Jonquieres

The European Union will today challenge Asian governments to show their commitment to their emerging political dialogue with Europe by pledging to open their telecommunications markets more rapidly to international competition.

Sir Leon Brittan, the EU trade commissioner, will rebuke Japan, South Korea and south-east Asian countries which attended this month's Asia-Europe summit for dragging their feet in World Trade Organisation negotiations on liberalising basic telecoms.

"Not one of these nations has yet offered the kind of comprehensive effective access to its market that we will need to make a success of the negotiations by the April 30 deadline," he will tell a

group of business advisers in Brussels. "There could be no better way of fleshing out the new Asia-Europe partnership than for all countries to sign up to an ambitious telecoms deal."

More than half the roughly 50 countries involved in the WTO talks have yet to offer any liberalisation measures. Sir Leon will make clear that he considers most of the proposals on the table inadequate. His public efforts to speed the WTO telecoms negotiations, which are accompanied by intensive private contacts with developing country governments, coincide with clear signs of US dissatisfaction with the EU's position in the talks.

Mr Jeffrey Lang, the senior US trade negotiator, said the EU had given developing countries an excuse for remaining inflexible in the negotiations because it was still not pledged to abolish all restrictions on foreign ownership of telecommunications services.

He said that if the WTO talks were to succeed, Europe, Japan and other industrialised economies needed to set developing countries a good example by committing themselves to full liberalisation. The US is concerned that France, Spain, Portugal and Belgium still limit foreign investment in their telecommunications industries. Some of the curbs are set to remain after 1998, when the EU is due to open its telecommunications market to competition.

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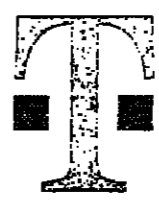
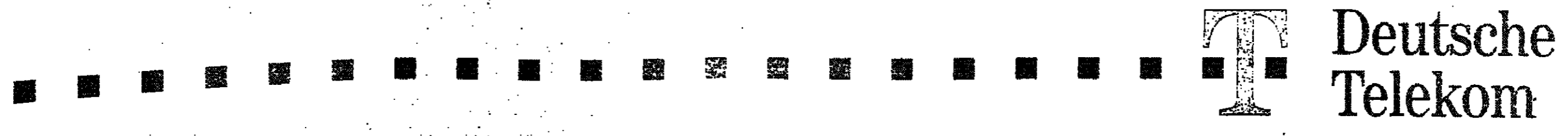
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New law would aid EU financial institutions

By Alison Smith, Investment Correspondent

Continental European banks would be able to take over UK building societies under plans set to be unveiled by the government next week.

The proposal, contained in draft legislation on building societies, represents a shift away from existing law, which prevents a society's business being transferred to a foreign company.

It would offer European financial institutions another route into the UK personal finance market at a time when the UK mortgage market is showing signs of recovery after the

economic recession of the early 1990s.

The government's proposals form part of a far-reaching revision of building society law due to be introduced in parliament in the autumn. They are aimed at giving societies more powers and requiring them to be more accountable to their members.

However, publication of the draft bill will highlight the growing split in the UK home loans sector between societies emphasising the benefits of being mutual organisations, owned by their savers and borrowers, and those which have become or are intending to become public limited companies.

The government's plans are also directed at making it easier for societ-

ies to develop and combine as mutuals, without having to be taken over or to become banks in their own right.

They would allow societies to combine in a federation, in which each society remained independent, or through an arrangement allowing one society to own one or more others.

A separate proposal, which would enable a society to keep the name of another it had taken over, would help such deals by allowing the larger society to retain the goodwill associated with the merged society.

Under the proposed legislation, financial institutions in the European economic area could gain entry to the

UK home loan market through the takeover of a society.

Several foreign banks sold home loans in the UK through intermediaries rather than branch networks in the mid-1990s. They subsequently pulled out of the market after the early 1990s recession. Recent recovery signs could now make the market a more attractive proposition, especially if the option of making an acquisition is more readily available.

Attention in the building society sector is already starting to focus on takeovers and acquisitions rather than conversions because most of the societies large enough to float on their own have already announced

that they will do so or have said they have no such plans.

At the heart of the bill is a move away from the current prescriptive regime for societies to a permissive one. It would allow them to pursue a broader range of activities as long as their principal purpose was providing residential mortgages funded substantially by individual savers.

The consultation paper explains why the government does not intend to introduce new restrictions on what benefits can be paid to savers and borrowers in a takeover or flotation.

The bill is unlikely to become law without at least a parliamentary debate.

UK NEWS DIGEST

London training weakness shown

Managers of financial services companies in the City of London are guilty of arrogance and "training phobia", and have received insufficient training, according to a survey published today by Mori, the polling group.

It found that about 40 per cent of City financial organisations spend 2 per cent or less of their annual turnover on training. Of the remainder, 82 per cent did not even know how much money they spent on training.

Mr George Alford, deputy chairman of Cllntec, the Training and Enterprise Council (TEC) which produced the report, said training could not teach them anything new.

Only 7 per cent thought they would benefit from training on the subject of how to manage their staff, while only 10 per cent had attended as many as three training courses in a year.

Mr Alford, who is also head of private banking with Kleinwort Benson, the investment bank, said the problem was not unique to the City. But vocational training was particularly important in service industries where there was usually less technical training, he said.

John Authers, London

Internal battle for investment

Most English local authorities regard neighbouring regions - rather than other areas of Europe - as their principal source of competition for inward investment.

An analysis of inward investment activity among local councils by Ernst & Young shows that on average 75 per cent of investment inquiries come from other UK regions, indicating a high level of dissatisfaction with existing locations. France and Germany are regarded by local authorities as the biggest competitors elsewhere in Europe.

Michael Cassell, London

Charities' income at record

The income of Britain's top charities rose to a record £9.98bn (\$15.86bn) in the 12 months to June 1994, according to the latest available figures. The period covered precedes the launch of the National Lottery, which charities say has affected discretionary giving.

According to the 1996 Henderson Top 2000 charities guide, public grants and fees remained the largest single source of income for the sector, amounting to £2.7bn during the year, up from £2.6bn. Donations from the UK's 50 top corporate donors rose by £17.5m to £211.4m. Charitable giving by all listed companies amounted to £351m. Glaxo Wellcome was the biggest donor with £21m, while the biggest rise in community involvement came from Thorn EMI, the entertainment group, which increased donations 171 per cent to £9.5m.

The biggest falls in corporate donations came from British Gas, which cut community involvement from £2m to £1.3m and media groups News International, which dropped from £1.9m to \$900,000, and Pearson, which owns the Financial Times, from £1.27m to £730,000.

Mark Szymon, London

Football rivalry hits cereal sales

Fierce football rivalry has led to a slump in sales of Sugar Puffs in a soccer-mad city in north-east England.

Sunderland supporters boycotted the cereal after Newcastle United's manager Kevin Keegan promoted the virtue of the breakfast cereal in a TV ad, complete with the Honey Monster character dressed in a black and white shirt.

Stores in the red and white city reported falling sales as rumours spread that fans had banned the cereal from their homes. Quaker, the makers of Sugar Puffs, were unavailable for comment.

PA News

Japanese tool maker set for plant expansion

By Peter Marsh

Yamasaki Mazak, the Japanese company that is the world's second biggest machine tool producer, plans a new phase of expansion at its Worcester manufacturing operation based in Worcester.

The company is planning a multi-million pound investment to expand capacity at its Worcester plant by about 20 per cent from this summer, immediately after a £9m (\$13.5m) investment plan, already in train, is completed.

The new expansion project is thought likely to push annual output of machine tools from the Worcester operation to up to £200m in about two years' time - consolidating the factory's position as one of Europe's biggest machine tool plants.

The plan by the privately owned Yamasaki marks a strong show of confidence by the company in the prospects for machine tool sales in Europe - which are slowly recovering after a poor phase in the early 1990s, linked to the weakened economic conditions across the continent.

It is expected that the new investment plan, to be finished by mid-1997, will create about 50 new jobs on top of the 400

already employed in Worcester, up by 100 from a year ago.

Yamasaki does not reveal its annual worldwide sales but industry estimates put these at about \$730m (\$474m) in 1994, making the company the second biggest machine tool producer after Amada, also of Japan. About 85 per cent of the Worcester plant's output is exported, mainly to the rest of Europe.

Mr Elmar Barz, director of Yamasaki's European operations, said sales to France and Germany - which represent two of the big European markets for machine tools - were relatively weak but this was more than compensated for by growing demand for machine tools in countries such as Italy, Spain and the former communist nations in eastern Europe.

Mr Barz also said the Worcester plant was likely to switch some exports to south-east Asia and North America after several years in which it had stopped making tools for these countries.

The costs of the new expansion at Worcester, one of the few production operations in Europe run by a Japanese machine tool company, have not been revealed but are thought likely to be about £5m.

PM faces fresh turmoil over Europe

By George Parker, Westminster

Mr John Major, the prime minister, was warned yesterday that he faces renewed Tory turmoil over Europe, if the white paper on Britain's approach to the EU's intergovernmental conference does not demand a substantial clawback of power from Brussels.

Conservative Eurosceptic MPs warned Mr Major that they would vote against the government in a debate on the paper, due to be published tomorrow, if it did not measure up to their demands.

Mr Christopher Gill, MP for Ludlow, said: "For a long time now, it has been thought that I, and others, would be satisfied with rhetoric. We are past that stage now. We want to see the beef."

Speaking on BBC Television's *On the Record* programme, Mr Gill and his Eurosceptic colleague, Mr Bill Cash, warned that the government could not count on their support when MPs debate the paper next week.

A Tory rebellion is likely, since headline MPs are unlikely to be satisfied with a paper which is expected to propose only a modest diminishing of the EU's power. The paper will attempt to strike a balanced position, setting out the benefits derived from Britain's membership of the EU and calling for an expansion of the union to the east.

Eurosceptics will approve of the commitment to defend Britain's veto and control EU spending, but will be disappointed that the paper will suggest only minor reforms to the

powers of the European Court, and no repatriation of power from Brussels.

Mr Cash, MP for Stafford, said: "It is absolutely essential that there are reductions of competence - in other words a reduction of the degree of European government."

"It is not enough just to throw a few tibbits. It won't work because it would be a failure of political will and a failure of political leadership."

Mr John Townend, chairman of the rightwing 92 Group, said the government could not count on his support. "My first responsibility is to Britain and the nation state," he said.

Mr Major is preparing to appease the party's sceptical wing by offering a referendum before Britain's entry into a single currency, but in doing so he will have to overcome

opposition from Mr Kenneth Clarke, the chancellor.

A referendum pledge would also spike the guns of the businessman Sir James Goldsmith, who plans to field Referendum party candidates at the next election. Tory Eurosceptics will have an early chance to express their views on the white paper on Wednesday in an adjournment debate secured by Mr Gill on the IGC.

The opposition Labour party may attempt to sabotage the flotation of Railtrack by withholding details of its own rail policy in the sale prospectus, it emerged yesterday.

The government hopes to publish a prospectus later this month with a view to floating Railtrack, the owner of Britain's track, signalling and stations, for around £1.5-£2bn in May.

Citibank closes in on new HQ site

By Simon London, Property Correspondent

Citibank has drawn up a shortlist of three potential sites for its new London headquarters and is expected to make a final decision this month.

The US bank is considering Canary Wharf, the big office development in Docklands; Baltic Exchange, a City development site owned by Trafalgar House; and the proposed second phase of London Bridge City, an office complex on the south side of the River Thames.

Its search has revived fierce competition for tenants between the City, the traditional home of London's financial services industry, and Canary Wharf.

Last year Barclays de Zoete Wedd, the investment banking arm of Barclays Bank chose to move to Canary Wharf.

Two continental European banks - Deutsche Morgan Grenfell and ABN Amro - have since chosen to build new offices within the Square Mile.

The Corporation of London, the City's local authority, is trying to ensure that the Baltic

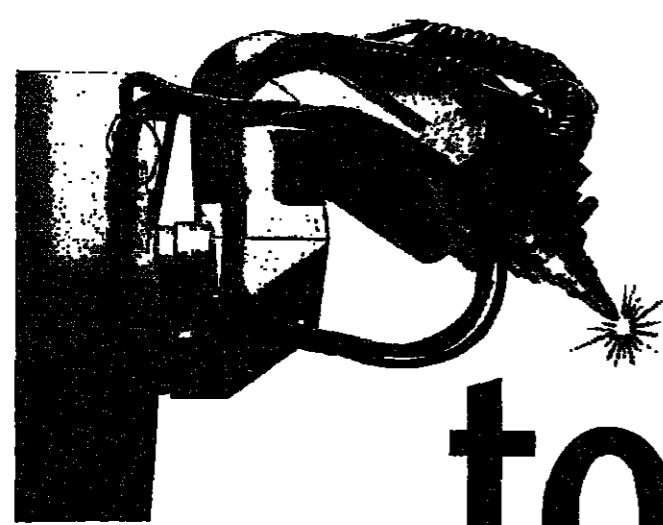
Exchange site can satisfy Citibank's requirement for 400,000 sq ft of space including large trading floors. Trafalgar House's existing planning consent covers only 350,000 sq ft.

The developer has been working with Corporation planning officials and English Heritage, the government agency responsible for historic buildings, on alternative plans. Existing proposals involve preserving the old Baltic Exchange building, which is listed but was badly damaged by an IRA bomb in 1992, within a new structure. More office

space would be created if the old building was moved to a new site. There is no guarantee, however, that the US bank will choose the City.

Canary Wharf is owned by a consortium of investors including Prince al-Waleed bin Talal bin Abdulaziz of Saudi Arabia, who is also a big shareholder in Citicorp.

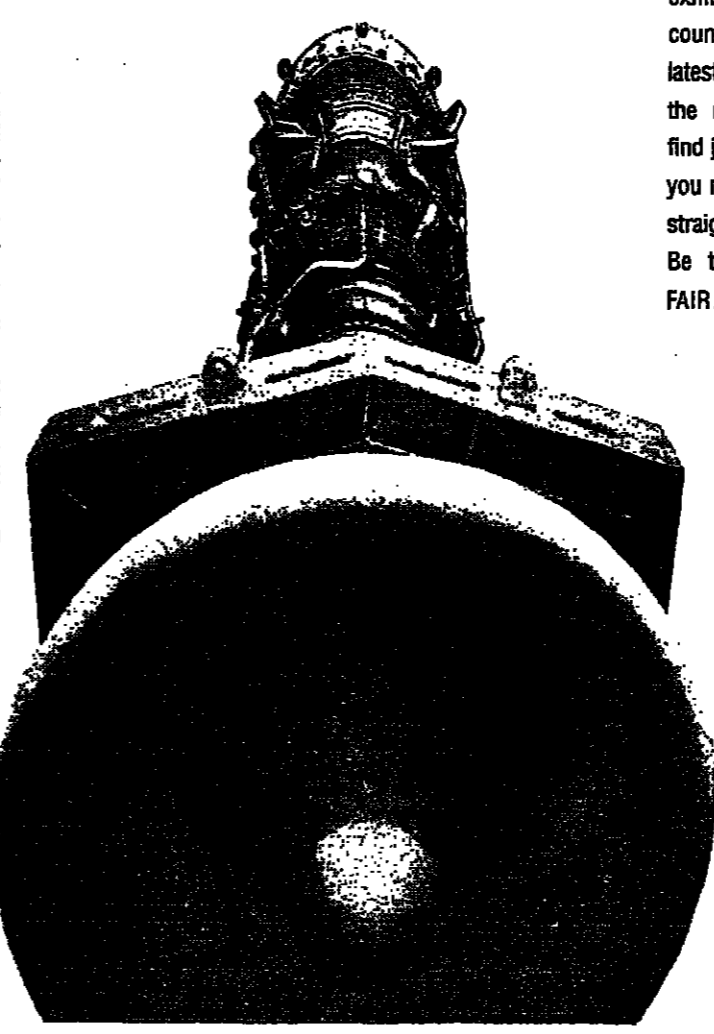
The bank's biggest central London building is already on the first phase of London Bridge City, which is owned by St Martin's Property Group, part of the Kuwaiti Investment Office.



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THIS WEEK

Eternal students earn wan smiles

Norbert Blum, the Bonn government's feisty labour minister, first cracked the joke about Germany having the youngest pensioners and the oldest students. But for those involved in higher education, the high age of graduates and the length of time taken to obtain a first degree have long since ceased to be a laughing matter.

Germany's eternal students are just one among many symptoms of a higher education system in crisis. At first sight there is a chronic imbalance between the 1.9m people registered as university students and the 970,000 places officially available to accommodate them.

Horror stories abound of uninspiring professors lecturing to over-full halls containing 600 or more students. The percentage of students who break off courses without sitting an exam is high: 28 per cent. Higher education, which is primarily the responsibility of the Länder, or federal states, is under growing financial pressure as state governments struggle to control

their budget deficits.

There is broad agreement on the part of the Bonn government, the Länder, the universities and businessmen on what is wrong with higher education. But this does not yield easy solutions.

A special difficulty caused by data protection laws is that few education statistics are more recent than 1992. Those for that year show that the average German student had studied for nearly seven years and sat his final examination at the age of 28.33 years.

A stroll round a university town such as Bonn suggests that little has changed since 1992. At present, 10,000 of Bonn university's 38,000 students have been registered for at least 12 semesters - six years.

There are extenuating circumstances to explain the ripe old age of German undergraduates. Con-

DATELINE

Bonn: Germany's system of government makes a solution to its protracted higher education crisis difficult, writes Peter Norman

scription raises the age of university entry for some. The university rector's conference (the university lobby group) estimates that nearly 40 per cent of students now enter university after completing voca-

tional training, against only a quarter in the late 1970s. And the final examination is in most cases of a fairly high standard: the federal education ministry reckons that the German diploma is of a master's standard rather than equivalent to the bachelor's degree in UK universities.

But the education ministry in Bonn says that four years should be enough to get a diploma in most disciplines, with five years for some sciences. The 1992 figures, showing that the average length of study had risen by more than a year since the 1970s, suggest that other things are going wrong.

Many of the problems are in the universities themselves. There is often a mismatch between what is taught at school and the university course. That makes chopping and changing courses in the early stage

of a university career quite normal. Lack of organisation in universities makes the life of new arrivals especially fraught. For many freshers, the first semester at a German university is spent learning how the place works - usually by trial and error.

The attitude of professors and other teaching staff does not help. Research carries much more kudos than lecturing. There has also been a sharp increase in the university student population, with an estimated 35 per cent of school leavers ending up at university against 22 per cent in 1982.

That means over-crowding, although it is probably not as bad as suggested by official figures. The 970,000 places said to be available is a notional figure devised in the 1970s. In addition, a substantial if unknown number of registered stu-

dents do not study at all. Their incentive to free-load is considerable: fees for courses are low - about DM80 (£35.20) a semester - while the financial benefits accruing through cheap fares, concerts and health insurance total an estimated DM1,200 a year.

But for genuine students, financing study is difficult. Some 28 per cent of them make use of government loans for at least part of their needs. A recent survey suggested that 45 per cent rely mainly on parental support. But a good 30 per cent are working their way through university. Such "jobbing" can prolong their studies. It also contributes to a high level of late drop-outs. Heidelberg university recently found that about 20 per cent of science students broke off their studies after eight semesters. Yet many of these will have

found permanent jobs. There is no stigma attached to joining a company without a diploma. Some employers prefer to hire pre-graduates because they regard university courses as too theoretical.

Eternal students need not be a permanent feature of the German university scene. The Netherlands had a similar problem and has largely solved it by introducing financial incentives for universities to complete courses quickly.

But Germany is a federal country and its system of government is a chief reason why the problems of higher education are so intractable. The 16 Länder are mainly responsible for the universities, and traditionally move in consensus with the federal government.

The Länder and Bonn reached agreement in 1993 on what needed to be done but failed to settle the question of how to finance the reforms. That failure means there is still no clear programme for solving Germany's higher education crisis.

Lloyd's at a crossroads

Ralph Atkins on a farewell to limbo

For Disgusted of Detroit, Wealthy of Woking and Brake of Berkshire, the phone-lines are open.

At 8am today, 90 Lloyd's of London staff will start taking calls from investors - or Names - on statements which were dispatched last Friday and, for the first time, tell all 34,000 of them what Lloyd's complex recovery plans mean to them.

Hazel Callaghan, in charge of setting up the free helpline, expects many to be positive - but is trained for the worst. "Some Names will just ring up to sound off," she says. "We have vast amounts of experience with Names who have been abusive or upset. Their reactions vary."

The response she receives - once the four-page "indicative, finality statements" and 47-page accompanying guide have been digested - will be important. If Lloyd's is to survive in anything like its current form, the 300-year-old insurance market must win support from a significant majority of Names.

If the deal is confusing, however, the mindset of the Lloyd's community is still more perplexing. "In one camp, much huffing and puffing - and angry phone calls - are expected. Christopher Stockwell, chairman of the Lloyd's Names' Associations' working party, representing militant loss-making Names, says: "Substantial numbers of people are going to be appalled at how much money is going to be required of them. There are a lot of people, who were not rich... who went in on the back of bank guarantees, and they are going to be ruined."

Other Names are simply fed up. "It really is going to be a relief to get the numbers," says one London Name. "You can go to the bank and say: 'This is really the last lot.'"

In another camp are enthusiastic supporters. Harry Teasley, soft drinks company executive and Flo-

rida Name, insists: "You need to deal with the history, get the organisation out of the litigation and all that, and go forth and do business."

If the recovery package succeeds, not only would thousands of Names be free to resign from Lloyd's but a new insurance market would emerge from the ashes, unencumbered by problems of the past. As Teasley says: "You just can't let Lloyd's stay in this limbo land."

Others are not going to let Names who have stopped underwriting - including the big loss-makers - grab all the headlines. Nigel Hanbury, a director of Falcon Names' agency, which handles Names' affairs, says: "The sleeping giant of the on-going Name is going to wake up on Monday and scream and demand to be attended to."

If obviously wealthy Names, who have deliberately walked away from meeting losses, are being subsidised, says Hanbury, he would like to see their names in print. "I know it sounds vindictive, but it would produce a lot of money."

The difficulty is in distinguishing posturing from genuine grievance. The process is still at the negotiation stage. Last Friday's statements were merely indicative: final numbers will not be agreed until May.

The plan's complexity does not help. Lloyd's is bringing together outstanding liabilities on old policies - including massive US pollution and asbestos-related claims - and requiring Names to pay to have them transferred into a new insurance company, Equitas.

To soften Equitas bills and end litigation being pursued by loss-making Names for damages, there is a £2.5bn settlement fund, split according to Names' individual circumstances.

Few will receive cheques, but Lloyd's says nobody should have to pay more than £100,000 once funds deposited at the insurance market are exhausted.



"Substantial numbers of people are going to be appalled at how much money is going to be required of them"

Nevertheless, after five years of horrendous losses totalling more than £8bn, and with more unreported amounts still to feed through, a statement stating precisely how much a Name has lost in total "could knock a lot of people", according to Robert Miller, of the Association of Lloyd's Members.

"Names will distrust the statements because they don't understand them," says a lawyer. "Some figures will be wrong. I don't really blame Lloyd's, because this is just so mind-bogglingly complex. Perhaps you just have to go through this process to harden people."

Ralph Atkins, chairman of the Feltrin Names' Association, to high-stakes

"brinkmanship" by those at Lloyd's who could increase the £2.5bn settlement pot - including the managing agents which run syndicates.

"It would be mad if the plan failed. If it did, it would be because Lloyd's has not got it's act together," de Laszlo says.

Loss-making Names are not going to roll over. In the US, militant Names have launched a legal campaign alleging Lloyd's breached securities laws by selling investment in the market. Cases are pending in California, Missouri, Colorado and elsewhere.

Richard Rosenblatt, of the American Names' Association in California, says: "There are so many venues - state courts, federal

courts, bankruptcy courts, probate courts - that [US Names] don't feel anyone is breathing down their neck."

Such battles and brinkmanship will be played out at Lloyd's, in courts and in newspapers, until voting takes place in July. "We're all playing a game of chicken," says one council member.

Final decisions by individual Names will not be taken lightly. Robert Saunders, head of insurance at Smith & Williamson, the accountancy and banking firm which advises Names, reckons he may need a bed-roll in the office this week. "This is the most important point in the market's history. This is the crossroads of destiny."

NAMES IN THE NEWS

Harf bounces back to acquire Rimmel-Chicago

Peter Harf does not often stumble, so when he did recently there was plenty of speculation about what might be in store for the boss of Benckiser, the acquisitive German consumer products group, writes Michael Lindemann in Bonn.

His tussle last January for control of Maybelline, the second biggest US cosmetics company, saw him pipped at the post by L'Oréal, the French company.

Admittedly, L'Oréal is the world's largest cosmetics group, with far greater resources than the family-owned Benckiser. Even so, Harf has never lost out since starting his buying spree in the late 1980s and turning Benckiser into a company with sales of DM4.8bn (£2.1bn).

Harf, 49, bounced back last week to buy Rimmel-Chicago, Unilever's mass market cosmetics business, for about \$130m. And, he insists, the Rimmel-Chicago deal was not "some act of spite" following the Maybelline setback.

"The game is far from being over," said Harf in a telephone interview from his New York office, where he spends about half his time. "We have a very robust long-term strategy which concentrates on mass cosmetics. We already make plenty of money in that business, and we will continue to grow aggressively."

What observers are asking themselves is how aggressively Harf, who used to be a consultant at Boston Consulting Group, can keep growing, especially since several of his top managers have recently left.

Even though the company reported improved net profits of about DM100m last week, its return on sales does not look promising, especially compared with larger rivals like Procter & Gamble. On top of that, Benckiser is still lugging debts of DM1.5bn, reduced but still high in terms of sales.

The family, it seems, is hoping that Harf will temper his acquisitiveness and consolidate existing businesses. That, however, is something that *Wirtschaftswoche*, the German business weekly, advised him to do in 1991. There is no sign that Harf even listened.

Heads swivel to see James Packer

If there is one thing that can be expected from Australia's Packer family, owner of some of the country's biggest media assets, it is reluctance to talk to the media, writes Nikki Tait in Sydney.

So when Kerry Packer, the 68-year-old businessman often thought of as Australia's richest man, said he was stepping down as chairman of Publishing and Broadcasting, the family's main listed company, and promoting his 28-year-old son to managing director, he did so via a brief paragraph in PBL's formal earnings release.

Yet James Packer, 23, has been groomed for the role all his working life. After school - at Sydney's Cranbrook - he served a year as a jackaroo on one of the Packers' cattle stations. Then he had a decade's training within the family's businesses, moving from magazine sales rep to a director on the PBL board.

PBL's new managing director has not been invisible, at least to Sydneysiders. Some glamorous girlfriends - including Jennifer Flavin, a US model, and Deni Hines, a rock singer - have ensured plenty of pics in society columns.

James's property market dealings have also caught the eye. He shrewdly turned several dilapidated inner-city warehouses into fashionable Manhattan-style apartments in the early 1990s, and is seeking to redevelop a site on the famed beachfront at Bondi, where he lives. The local council is not enthused, but this may not deter James. Controversy and the Packers go hand in hand.

Robert Chote - Economics Notebook

The woe of state and marriage

Labour modernisers have revived a disquieting debate. But it is one thing to preach marriage as a fine institution, another to propose using taxpayers' money to bribe people into it



The idea that the state should offer grants or loans to encourage marriage has a long but somewhat quieting history. It has been espoused during this century by characters as diverse as Beveridge, Hitler and Marshall Pétain. It is one thing to preach that marriage is a fine institution; it is quite another to propose using taxpayers' money to bribe people into it.

This debate was revived last month by *The Blair Revolution*, a book by two influential "modernisers" in Britain's opposition Labour party. The authors, Peter Mandelson and Roger Liddle, suggested that newlyweds should receive a means-tested loan of up to £5,000 paid for by increasing inheritance tax for the wealthy.

Marriage has been in steady decline since the late 1960s in the US. Britain, a trend mirrored in Europe. During that time the left has been reluctant to identify this as a problem, for fear of being thought socially conservative and behind the times. But as successive electoral defeats have dragged Labour rightwards, its leaders have been happier to embrace the dubious rhetoric of "family values".

Mandelson and Liddle are unapologetic. They argue that marriage is important both as a social institution in which to bring up children and as an economic institution which should share the costs of caring for young and old, a task the left previously saw as the province of the welfare state.

"Committed relationships and marriage itself can and should be strengthened directly by public policy," Mandelson and Liddle con-

clude. They even argue that it is reasonable to subsidise married people at the expense of singles.

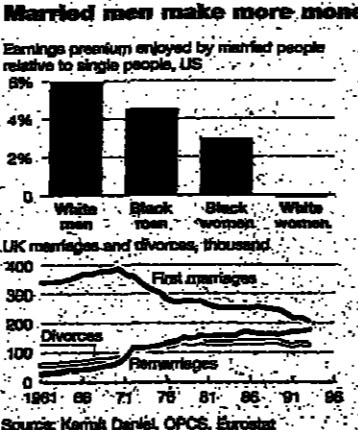
Many advocates of policies to promote marriage would argue their case from a purely moral standpoint. But taxes and subsidies have economic costs, so does marriage bring with it any economic benefits that might compensate?

Professor Kenneth Daniel, of the University of Pennsylvania, argues that it does. He believes that marriage raises productivity by allowing specialisation of labour within the family. Where couples are concerned, he maintains, the whole is greater than the sum of the parts.

He argues that productivity might rise because one partner assists the other's work directly, acts as a "second board", organises activities or performs housework or chores that increase the other's effectiveness at work. One partner may also take more of the burden of childcare, helping the other to perform better at work.

If marriage increases productivity, the labour market should reward it with higher wages. Prof Daniel investigated this by looking at the histories of a sample of US men and women aged 14 to 21 in 1978. He eliminated the effects of age, education, employment history, health and job attributes to isolate a "marriage premium".

Depending on their race and gender, Prof Daniel found that married people earned on average up to 6 per cent more than their single counterparts. For those who divorced, this premium shrank gradually as the date of dissolution drew closer - presumably because the efficient division of labour was



Marriage rates: EU comparison

Rate per 1,000 population

Country	1991	1993
UK	7.1	6.9
Denmark	5.0	6.1
Spain	4.5	4.8
Sweden	4.5	5.9
Austria	6.8	5.8
Belgium	6.8	5.8
France	5.8	4.4
Germany	5.5	5.5
Luxembourg	5.5	5.0
Portugal	7.9	6.2
Greece	6.9	6.0
Spain	5.4	5.0
Italy	5.6	5.1
EU average	6.0	5.4

progressively breaking down.

Needless to say, the precise figures calculated for the marriage premium should be taken with a pinch of salt. The premium might be underestimated, for example, if the stability of people's employment history is determined in part by their marital status. On the other hand, the premium might be overstated if it is explained in part by intangible factors that make someone both a good worker and a good spouse. These might include loyalty, dependability, diligence and physical attractiveness.

Let us assume these factors offset each other and that there is a marriage premium of about 6 per cent. Just because marriage increases productivity, that does not provide grounds for the state to subsidise it. That would only be the case if the marriage premium was too small to reflect fully the increase in productivity. But direct

studies of what determines productivity suggest married men are 5 to 10 per cent more productive than single men. This implies that the labour market is already efficient in the way it rewards people for getting married.

So marriage subsidies would generate few spillover benefits for the economy. They would also have the undesirable effect of reinforcing traditional gender roles within marriage, because the premium is larger for men than women.

Discrimination means that men earn more than women in similar jobs. So if a married couple are trying to maximise their joint income, it is rational for the husband to concentrate more on paid than unpaid work, relative to his wife. The expectation that this will be the case also encourages women to build up what Prof Daniel calls "augmentation capital" before marriage, preparing for a life of non-

paid work at home.

But another argument for subsidy is that society benefits from having children brought up by married parents. As Patricia Morgan has argued: "Children of non-traditional families have higher rates of mortality and morbidity, are more at risk of abuse, more likely to become delinquent and go into care, and more likely to become involved in crime."

However, as so often in economics, it is important to distinguish the average from the marginal. Children of married parents may on average do "better" in some sense that those of single parents (although cause and effect are ambiguous). But that will not necessarily be true of children whose parents have only married to qualify for an artificial financial incentive.

To prevent fleeting marriages of convenience, subsidy schemes would also have to contain some incentive to keep couples together. They would further stigmatise single parenthood and, at worst, could place more pressure on women to remain in abusive relationships. More generally, it is surely better for children to have amicably separated parents than to be brought up in a nuclear family where the adults are at each other's throats.

Mandelson and Liddle's proposal has been greeted with considerable scepticism, but New Labour's willingness to pander to populist authoritarianism suggests we may not have heard the last of it. With luck, however, the party will realise that it has better things to do with scarce resources than engage in misguided social engineering.

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ANNOVER LESSE '96

MANAGEMENT

Sir Ronald Hampel wants wide-ranging talks on the issues of governance, reports William Lewis

Guide to the great 'untouchables'

A great debate involving British business will take place during the next two years if the hopes of Sir Ronald Hampel, chairman of the City of London's corporate governance study group, are met.

As chairman of the Hampel committee, the successor body to the Cadbury committee - which published its report on governance in December 1992 - Sir Ronald has called for a "full and frank" debate on the structure and workings of corporations in the UK and how they interact with shareholders.

Sir Ronald wants to tackle issues described by another committee member as "the great untouchables". They include the UK's unitary board structure and the responsibilities of UK shareholders.

However, after dealing with these subjects, it appears that Sir Ronald's intention is for them to be left untouched. "I need some convincing... that the basic system that has developed in this country of inside and outside directors can be much improved on," Sir Ronald said recently. "I have no wish to produce an earth-shattering report."

So why has Sir Ronald made his call for a wide-ranging debate? One explanation is that it provides a necessary carrot to attract the sort of high-calibre industrialists who might otherwise not be bothered to sit on his committee.

Another lies in his hope that the work will lead to a change in the public's view of British business, damaged by the long-running controversy over executive pay at privatised utilities.

Those with more radical corporate governance agendas, however, should not be put off by Sir Ronald's "minimalist" comments. While he may intend that the committee should make only limited recommendations, others in the group appear to take a different view.

It is also possible that in the course of this debate Sir Ronald may see the light," a member says. "Don't forget Sir Richard Greenbury set out to do nothing, and look what happened to him." (A reference to last year's tough recommendations on executive pay made by the committee chaired by the Marks and Spencer chairman.)

Hampel's findings, due to be published at the end of next year after a period of consultation, are likely to be implemented through the amendment of Stock Exchange rules or possibly through legislation.

Drawing on Sir Ronald's public comments and private conversations with other-committee members, here is a guide to the Hampel committee debate:

● **Structure of the board.** Traditionally this has been the most untouchable issue of all, with the City almost unanimous in defence of the unitary board against other structures, such as two-tier boards.

However, Sir Ronald wants the pros and cons of the UK's system, under which there is one group of directors, to be discussed and compared with other options, such as the German supervisory board, where directors are appointed to oversee senior executives' work.

● **For change:** Academics such as John Parkinson of Bristol University, who says: "There is a great deal to be said for a supervisory board." Other supporters include the Labour party, trade unions and executives at a few public companies, who privately express backing.

● **Against change:** Most large public companies as well as business group leaders. Tim Melville-Ross, director-general of the Institute of Directors, rules out change. "The German system is not necessarily all it is cracked up to be," he says. "UK companies effectively have a two-tier board structure anyway."

● **The role of non-executive directors.** Following Cadbury and Greenbury, non-executive directors now have much greater responsibility. As well as advising on company strategy, they are expected to act as company policemen, examining the activities of executive directors across a range of areas.

Some suggest that these two roles are no longer compatible and a third type of director should be created, perhaps appointed by large institutional shareholders to encourage companies to think longer term. Others argue that to avoid so-called "management capture" of non-executive directors, their interests should be brought more into line with executive directors by paying them in shares.

● **For change:** Barbara Thomas, a former commissioner of the Securities and Exchange Commission in the US, who sits as a non-executive director in the UK and US. She backs payment of non-executives in shares, as well as the creation of a new class of non-executive director to play a "quasi-regulatory" or policing role at public companies.

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shareholders, have led to calls for fund managers to be more accountable for how they vote.

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● **Greenbury report.** The Hampel committee is to look at the effects of the new Stock Exchange rules governing executive pay introduced after Greenbury.

Sir Ronald argues that the rules mean companies have to reveal too much and that there is a strong argument for reducing disclosure. Hampel may also be called on to adjudicate in a row over the method companies use when disclosing directors' pension entitlements.

● **For change:** With the first set of Greenbury-inspired annual reports due for publication shortly, the Hampel committee will be able to judge the success of increased disclosure rules on the basis of two years' accounts.

Directors of public companies, including those sitting on the Hampel committee, are likely to push for a reduction in the extensive Greenbury disclosure requirements. Some have cited personal security as a strong reason for curtailing what they now tell shareholders about their pay.

● **Against change:** Shareholders are likely to welcome the improved disclosure and voting rights and will resist weakening of Greenbury.

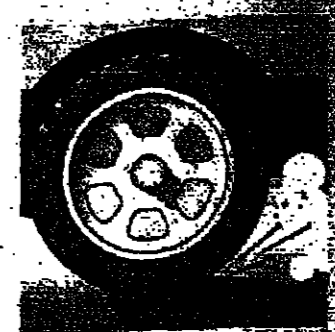
● **The role of auditors.** Few committee members are sure what discussions will focus on. One possible issue is whether accountancy firms should act as auditors and consultants to the same company or whether such cross-overs limit auditors' independence.

Should auditors also be responsible for stating the degree to which companies comply with Cadbury and Greenbury or leave that to directors? Should executive directors appoint auditors or leave it to non-executive directors sitting on main board audit committees?

● **For change:** In January, the Auditing Practices Board, the audit profession's regulator, made one of the first submissions to the Hampel committee. It said that consultation had revealed "strong reservations" about the Cadbury code's recommendation that directors should judge the effectiveness of a company's internal financial controls.

Cadbury recommended that directors should report on the effectiveness of controls and auditors should report on their assurances. Current guidance stops short of insisting that directors give such an assurance - although it does invite them to give an opinion if they want to. Most auditors advise directors not to, saying it is too dangerous.

● **Against change:** Auditors earn large fees from spin-off consultancy work and will resist anything that recommends they should confine their activities for clients to one type of work. They will also want to avoid any changes to the way they are appointed and reappointed as companies' auditors. Some shareholders have suggested that businesses should be forced to change their auditors every five years.



FAST TRACK Infonic

Its directors call it the "third generation" of the Internet. From the end of last year, the French have been able to subscribe to their own home-grown multimedia online service.

Hooked up by modem and telephone, they can use their PC to play games, study history or consult the stock market, all with the help of high-resolution images and sound.

Michael Perrin, deputy general manager of Infonic, argues that the Internet is traditionally a text-based system, largely aimed at professionals.

Second-generation services placed the emphasis on communication. He says his service is designed to go further, offering the general public a more visual, interactive format.

So it opted instead for a "third generation" of the Internet, combining the best of the "web", interactive television and the country's limited phone-based information system.

After carrying out market research, the company discovered that potential customers were frustrated with the Minitel system, which charges rates based on the amount of time spent on-line.

So it opted instead for a "third generation" of the Internet, combining the best of the "web", interactive television and the country's limited phone-based information system.

For FFri.60 (210.12) a month, subscribers can receive some 120 services, including shopping to news and information, as well as access to the Internet's e-mail service. For a further FFri.50, they can get into the rest of the Internet.

Perrin says users will be able to inspect pictures of bouquets of flowers before ordering them by credit card, or listen to specific compact disc selections, deciding whether to buy them.

He believes that, with many people initially sceptical of the Internet, most will be satisfied with the basic Infonic services and its e-mail function, and will drop their plans for the separate full web connection after a few months.

One of the problems is that few people in France have modems with the sufficiently high speed of 28,800 bits/s to connect their computers to the service. So Infonic also offers the equipment-free option of using a public payphone.

Despite the claims and counter-claims, and the intensely competitive world of computer information, Infonic has achieved some important backing, including investments from Perrier and BSN.

Last month it became the first company to be quoted on France's Nouveau Marché, the stock market for new, fast-growing businesses. It plans to use the money to improve services and to expand abroad.

So far, the take-up has been modest. There are currently 2,600 subscribers. Yet Perrin says the launch was muted by the effect of the strikes in France at the end of last year.

All signs now point to a strong campaign kick-off next month. The company is aiming for 65,000 subscribers by the end of this year, and 500,000 by 2000. It says it can achieve break-even with 200,000 subscribers, but its listing prospectus estimates it could be generating a small profit by the end of 1997.

Over the next few months it is planning to offer its network to other countries, including French-speaking Canada, Switzerland and Belgium.

Aspirin

Falling into the credibility gap

Company chairmen could learn a trick from Sir Richard Greenbury. Not about how to sell underwear or sandwiches, nor about how much to pay top people. But about how to talk. Last week he was quoted as saying: "It would have been difficult to get it more wrong".

That was an exemplary comment from someone in his position. First, most of the words contained no more than one syllable. Second, there was no jargon. Third, the meaning was quite clear. Fourth, and most remarkable, the statement was an admission of blame. Admittedly, Sir Richard was referring to Marks and Spencer's unhappy Canadian chain, which was finally sold last week. But still it was an admission. Far from making him look culpable, the statement makes him look credible. Shareholders are not stupid: companies that occasionally accept blame are more likely to be believed when they start claiming the credit.

Contrast his remark with the obscure nonsense talked by company chairmen last week as they announced their 1995 profits. All week we have heard about how they are "growing the business" and achieving "organic" growth, as if it were gardens rather than commerce that was under discussion.

Moreover, not one of the companies reporting was prepared to admit to having put a foot wrong last year. Those announcing lower profits relied on tired old clichés to explain their performance: "It was a year of consolidation... it is very difficult to create any competitive advantage in this market... conditions remained difficult... it was a difficult year... market conditions were sharply adverse".

Nowhere in this is the slightest hint that there could be a link between profits and management endeavour.

There is no less waffle and humbug when the time comes to assure shareholders that the future is bright. "We are well placed to take advantage of an upturn" was the most commonly used phrase. IBM

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Lucy Kellaway

talked of "accelerated opportunities for growth" (whatever that means), while ADT said: "We are committed to expanding... through a balanced programme of internal growth, dealer programme development and growth by acquisition", which presumably means we will try to do better any way we can.

Executives have become so used to talking in this strange coded language which no one takes at face value that they are at a loss when they wish to convey a message. When Lotus was asked to confirm a rumour last week, its finance director said it was "completely 100 per cent incorrect". How does that com-

pare with saying just "incorrect"? Sounds less categorical to me.

Delia Smith's *Winter Collection and Murder One* aside, television is not my favourite medium. Thus I have been congratulating myself recently on the fact that I do not work for the world's favourite shrine. From next month British Airways employees will be subjected to a daily 15-minute news bulletin that will enable all 53,000 of them to feel like one great big happy family.

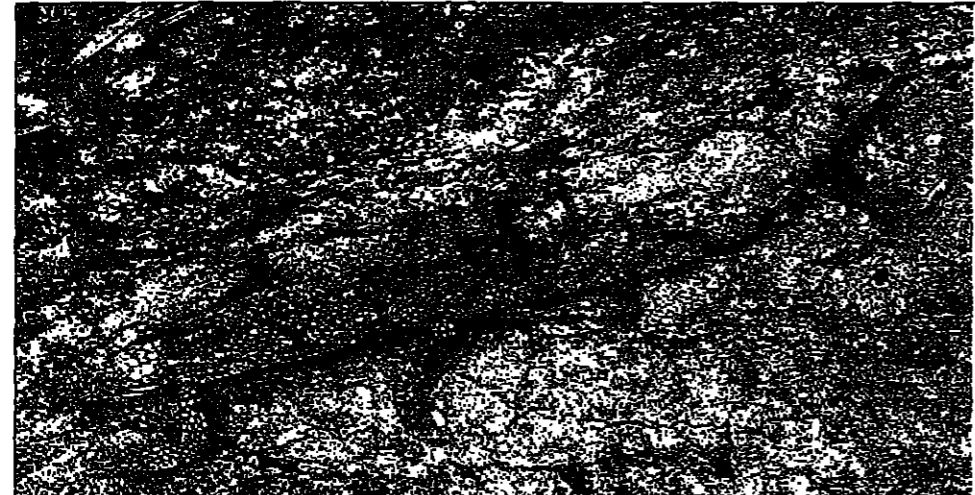
BA is not the first company to decide that TV is the ideal way of

reaching a large and far-flung workforce. But what is odd about the British Airways' plan is that the company is pretending that its TV will be objective: during strikes shop stewards will be interviewed in what the company says will be an impartial fashion. Even more implausible is the idea that corporate TV could be hard hitting. "It will expose those managers who are not performing," said BA's chief executive last week. How? Does BA plan to shop itself, do its own version of *The House* - the BBC's documentary series about the Royal Opera House? Now that would make good viewing. Whether it would make good corporate practice is another matter.

One of the most suspect recent imports from the US is the customer careline: the phone number on your groceries that you can ring if you are less than delighted with the product. You can complain

about your gravy granule, your shampoo and even your light bulb. What is it all about? Most of these goods are commodities; there is no question of liking or not liking a light bulb. In these days of get-it-right-first-time, products are supposed to be perfect, so there should be nothing to complain about.

I assume that the point of these carelines is to make you feel warmly towards the product, but for my money they leave me stone cold. They would leave me colder still if I had been involved in a survey conducted by AIM consultancy which rang all the numbers and rated them according to service. Bisto Gravy got the dubious distinction of being tops when it comes to dealing with irate customers, whereas the telephone operators on the soft cheese careline were found to be barely civil. The most useful finding from this bizarre survey is that if you phone Lurpak to complain about a pat of butter you may get a £20 postal order in return.



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BUSINESS EDUCATION

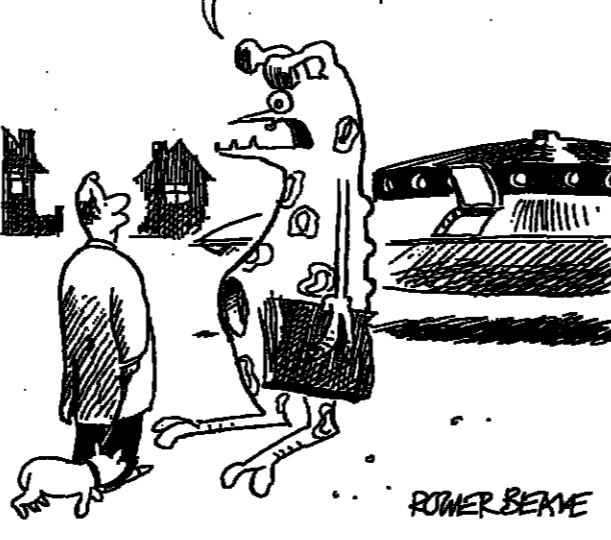
The Open University is drawing in a different order of business student, says Della Bradshaw

When more can mean better

In 1995 a dozen Ethiopian students graduated with a master's degree in business administration from the Open University in Milton Keynes...

By comparison, the Open University, instead, one of the leading European business schools, based just outside Paris, has fewer than 450 MBA students.

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The flexibility to take a break if, for example, they change jobs. While other schools offer distance learning courses as an adjunct to full- and part-time courses...

week to the course - tutorials, residential courses and home study. They are usually in their mid 30s, unusually old for MBA students.

The OUBS has not just opened up business study to managers in the UK. Twenty per cent of students study outside Britain.

NEWS FROM CAMPUS

Courses consider company clients

Companies wanting to serve their customers better are the target group for a week-long executive course developed jointly by Harvard Business School and Iese, the International Graduate School of Management, in Barcelona.

management accounting in the west inhibits the ability of companies to be global competitors and that accounting methods in Japan encourage innovation.

Rotterdam students get career planning

The Erasmus School of Business at the Rotterdam School of Management has appointed a new associate director of career planning.

How to improve your sporting chances

If you think your management skills could benefit from a study of how sports people reach the top, the video package "Coaching to Improve Performance" could help.

Japanese accounting under the microscope

Two conferences which examine the differences between management accounting practices in Japan and the west are to be held in March and April at the Cranfield University School of Management in Bedfordshire.

CONFERENCES & EXHIBITIONS

MARCH 14 Successful Turnaround Strategies A unique seminar for non-executive directors, venture capitalists and institutional financiers...

MARCH 19 Seminar: For British Importers of Moroccan Quality Produce Moroccan producers of fresh fruit and vegetables...

MARCH 19-21 Human Resource Development Week 1996 Meeting the Training Challenge Firmly considered as the premier event for HR executives...

MARCH 21 & 22 Investment Climate in Eastern Europe and FSU Participants will assess the investment climate in Eastern Europe and the FSU...

MARCH 25, APRIL 22, MAY 20 Economic and Monetary Union in Europe This seminar will include coverage of the EMU...

MARCH 26 & 27 Leveraging Knowledge for Sustainable Advantage A two-day conference exploring ways in which companies can capture, share and exploit their organisational knowledge...

MARCH 26, 27 & 28 Product Data Management Workshop This free, half-day seminar, organised by Workgroup Technology Corporation (UK) shows how 'out-of-the-box' PDM solutions can dramatically improve productivity...

MARCH 27 Options Modelling This course is designed for individuals who have a good understanding of the basics. It covers the theory and practice of options trading...

MARCH 27 The 5th MCS UK coal seminar - Beyond 1998 A one day seminar for the coal industry. A one day seminar for the coal industry. A one day seminar for the coal industry...

MARCH 27 & 28 Derivatives Accounting A seminar for Interest Rate Swaps, FRAs & Swaps, Financial Futures & Swaps, Securities & Swaps, Currency Swaps, Warehousing, Reinvestment Risk, Accounting Implications...

MARCH 27-29 APRIL 18-20 & JUNE 8-9 Marketing for High Technology Companies A weekend course exploring the practical aspects of marketing for High Technology Companies...

MARCH 28 InterExchange 96 Strategic investment Management Forum Discusses with industry experts the issues that will shape the investment management business towards the next millennium...

MARCH 28 Major Projects A one-day conference on the high-speed link to the Channel Tunnel, the A16/Tank all roads, the expansion of Zurich and Copenhagen airports...

APRIL 15 & 16 Effective Time Management For executives who need to organise their time to increase levels of productivity...

APRIL 15, 16 & 17 International Payment Systems for Commercial, Investment and Retail Financial Institutions conference Followed by one-day workshop Designing and Building a National Payment System...

APRIL 17-18 Strategies & Techniques for Business Continuity Planning This major conference from Survive! The Business Continuity Group will address issues of interest to all involved in building greater business resilience...

APRIL 21-23 National and Key Account Management For executives in an increasingly competitive environment who wish to learn about the latest thinking and proven techniques in winning and keeping major accounts...

APRIL 21-23 National and Key Account Management For executives in an increasingly competitive environment who wish to learn about the latest thinking and proven techniques in winning and keeping major accounts...

APRIL 22-24 KPMG Fraud Action KPMG Fraud Action uses proven video and workshop techniques to bring fraud risk - and its management - to life in small teams...

APRIL 23 & 24 BPM 96 - Business Performance Measurement Europe's leading annual performance and exhibition on the use of non-financial performance measures for driving business success...

APRIL 24-25 Data Mining Are you sifting on a gold mine? Organisations are amassing vast sums of data which, with the appropriate analytical tools, could reveal the opportunities for future success...

APRIL 25 & 26 Cashflow Analysis The key role of cashflow in debt servicing and credit evaluation. Types of Cashflow Statement - Essential Principles - Preparing Cashflows - Narrative and Projected - Interpretation and Evaluation, Sensitivity Analysis - Debt Servicing Capacity, Covenants, Monitoring, 2 Days £550.

APRIL 26 - MAY 1 Project Finance The theory and practice of Project Finance, making extensive use of case studies, Cashflow, Debt Capacity, Sensitivity Analysis, Feasibility Studies - Present Value, Internal Rate of Return, Inflation, Interest and Exchange Rates - Risk Analysis - Types and Sources of Finance and Investment, 3 Days £750.

APRIL 26 - 3 MAY Software Development and Testing Series Heathrow Park Hotel. Seminars and workshops topics include: Testing Methods and Techniques, RAD, Object Development and Testing, and Configuration Management. This series of events is co-sponsored by the European Software Institute and the BCS Configuration Management Specialist Group...

MAY 21 & 22 Building Profitable Customer Relationships Conference designed to highlight, address and analyse practical strategies for measuring and managing customer-driven initiatives, using best practice case studies, working groups and networking. Contact: Business Intelligence Tel: 0181-543 6565 Fax: 0181-544 9020

JUNE 5 & 6 The Way Forward Through Operations Management Companies seeking success must streamline operations within the enterprise and throughout the supply chain. This Conference will hear from organisations who have implemented technology enabling greater performance with fewer resources...

JUNE 10-14 FIA/FOA International Derivatives Week Annual Derivatives Conference and Exhibition Features and options industry participants exchange views on the latest international business, regulation and compliance, technology and clearing/settlement issues. The exhibition will showcase energy systems. Contact: Futures Industry Association Tel: 011 202 466 5460 Fax: 011 202 466 5460

NOVEMBER Hispania 96 "the Anglo-Hispanic Business and Arts Fair" The first Anglo Spanish business fair will take place in London in November 1996. Information leading to this event is currently available to entrepreneurs, investors and other business people at the internet site: http://www.hispania.org.uk. Hispania '96 will not only focus on traditional sectors such as tourism, property and financial services but will also attract people interested in emerging areas including the Spanish arts.

MARCH 28-30 The Third International Investment Forum Monte Carlo: A privileged place to live, to invest and to operate business. The international industry and media specialists and top level officials address private financial & business opportunities: private banking, international asset management, real estate, tax advantages, setting up businesses & trusts, offshore company management, investment development, market evaluations, capital appreciation in 1996. Contact: Bruno Giorgi Tel & Fax: 011 305 1168 Email: bvgio@hispania.org.uk

APRIL 3 & 4 Central & Eastern European Power Industry Forum The latest and future developments in the electricity industry in Central and Eastern Europe. A Forum on ownership issues, privatisation, creative project financing, competition and cooperation opportunities. High level speakers from European Central Bank, The United Nations, European Investment Bank, Morgan Grenfell and many other. Focusing on opportunities in procurement, scope and availability of funding, project identification and tendering procedures. Further details from European Seminar, Copenhagen. Tel: 45 33 15 29 03

MAY 14-17 5th Annual Conference on International Securities Lending Co-sponsored by ISLA (UK) and RMA (USA) this is the US/European Securities Lending Conference to attend. Issues that influence leading markets worldwide will be discussed with leading specialists and regulators, regulatory requirements, and updates from various leading associations. Keynote address by Michael R. Bloomberg, President and Founder, Bloomberg Financial Markets. Contact: Robert Morris Associates Tel: 800-477-6261 Fax: 212-851-4205 Hotel Bayerischer Hof, MUNICH

MAY 20/21 Financing Local Government Conferences - A focus on Infrastructure Finance Supported by MESA/IBAC INTERNATIONAL. A landmark event in the development of local financing in Europe. Paul Volcker, former head US Federal Reserve. The conference covers issues such as implementing local project finance, international vs domestic debt, and what M&A means for financing techniques. Essential for government bodies and their financiers. Contact: Lisa O'Regan IFR Publishing Tel: +44 171 359 7595

MAY 26-31 Geneva Conference - International Investment into Emerging Nations Twice yearly event that successfully brings together business leaders from Europe, European States and Emerging States of Africa, with Western based International Finance companies and Banks. Top speakers, seminars, workshops and "One to One" sessions create a unique environment for promoting investment opportunities. Contact: BCI Tel: +44 (0)171 573 5077 Fax: +44 (0)171 405 4957 Intercontinental Hotel, GENEVA

OCTOBER 14-18 Informatica - 96 Computers and Information Science Bank & Office - 96 Equipment for Banks and Offices Russia's new privately-owned enterprises show a rapidly growing interest in computerisation as well as in efficient and reliable banking services. Both exhibitions offer foreign companies a marketing focal event. For details: Fax: 007 095/206 60 55 Tel: 255 37 27

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SPORT / ARCHITECTURE

Silver age palaces of pleasure

There is more to a cinema than a screen and popcorn, writes Colin Amery

One hundred years ago this year, the first cinema opened in London. Last year, some 120m cinema tickets were sold in Britain. This surge in movie-going is, according to the film industry, due to the popularity of the latest multiplex cinemas. I suppose it is unlikely that many people go to the cinema to admire the architecture, but there is more to a cinema than screen and popcorn.

To mark the anniversary, there is an exhibition at the Royal Institute of British Architects (Helm Gallery, 21 Portman Square, London W1) about the architectural history of the cinema. It is an expedition into an architectural fantasy world that seems almost as remote today as the Valley of the Kings.

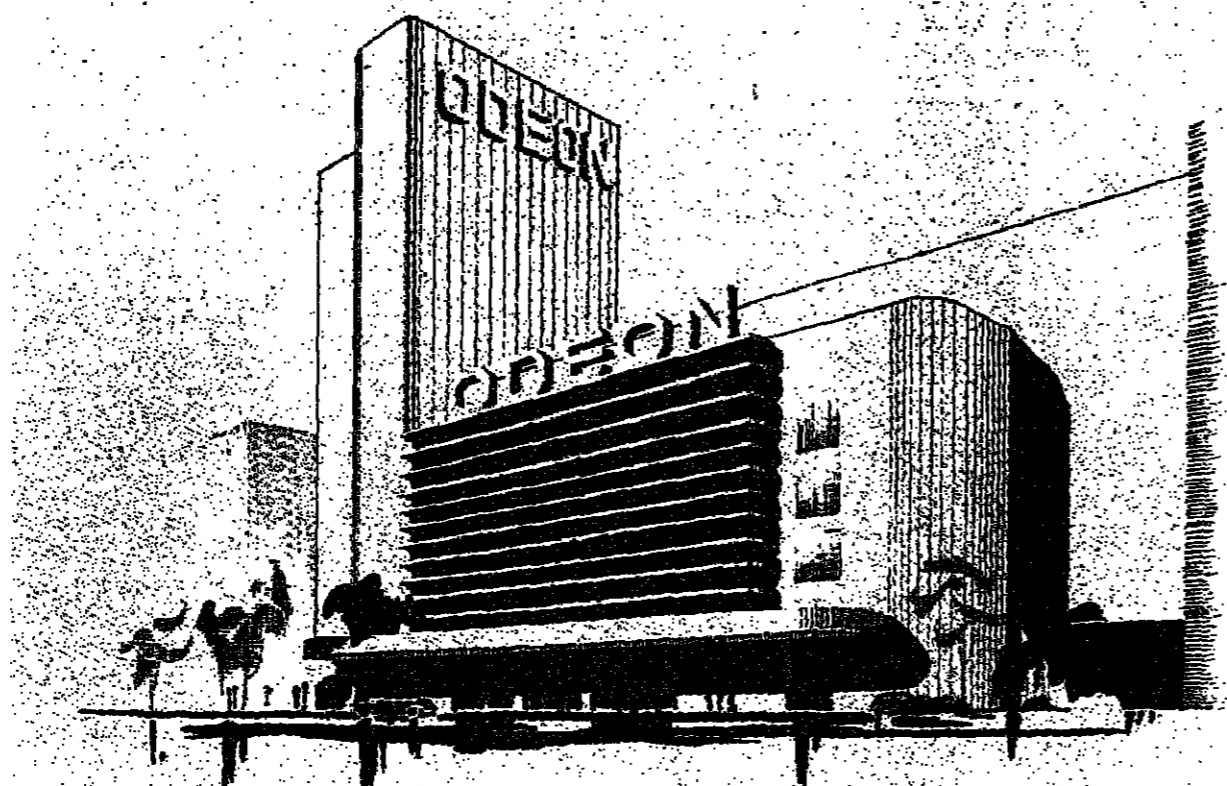
What is especially fascinating is to see how architects - most of them now forgotten - responded with such excitement to the challenge of building a new dream world. What is sad is the scale of the destruction of these palaces of pleasure in the latter years of the century.

The advent of television interrupted the halcyon days of the movie houses and many closed and were demolished. Today their extraordinariness is once again appreciated and some 90 cinemas all over Britain have been listed.

But what was it that made the early cinemas of the 1920s and 1930s so distinctive? Although around 4,000 cinemas were established in Britain by 1920, it was not until the mid-1920s that the "super cinema" arrived, much influenced by Hollywood.

The RIBA show has the marvellously evocative drawings of one of the first of these - the Regent in Brighton which opened in 1921 and was designed by Robert Atkinson. The plan was revolutionary, being the first fan-shaped auditorium seating some 2,500 people. The Regent was more than a cinema. It had two restaurants, a tea room and a dance floor on the roof. In its way it captured the romantic world of Rudolf Valentino - one where romance came before sex and life proceeded under permanently blue skies.

Atkinson was a great colour-



Odeons developed the idea of architecture as corporate advertising

ist, and he commissioned leading contemporary figurative artists to decorate the cinemas he was designing for the Provincial Cinematograph Theatres Company. In Brighton there were huge Della Robbia glazed panels that enhanced the main elevation. It was not until 1974 that this cinema was completely demolished. Brighton thus lost the one cinema that made you feel you were watching movies in a setting as fine as the Royal Pavilion.

The other brilliant example of the 1920s "super cinema" is the Astoria in Finsbury Park, north London, designed by Edward Stone. The interior was conceived as a huge Mediterranean courtyard. The whole ensemble of painted rooftops and whitewashed houses was beneath a domed ceiling upon which clouds were projected, swirling about as the stars came up.

The Astoria survives, although it has had a chequered recent history, being transformed from a venue for

rock concerts to its current use as an evangelical church.

Also surviving but now in use as a bingo hall is that great gothic cinema, the Granada in Tooting. This was designed by a stage designer, the Russian Theodore Komisarjevsky. It feels as though you are entering the great portal of Ruskin's cathedral. The auditorium is full of soaring pinnacles and niches where there were paintings of wimpled mediaeval ladies watching their first moving film. In the 1920s there were cinemas in the Chinese, Indian and Egyptian styles.

However, the 1930s saw the rise of an architecture that could now be described as the cinema style. In Britain this was developed by the two big chains, Odeon and Gaumont, which were anxious to establish their corporate identities. Modernism had arrived in Britain, too, and a cinema like the New Victoria in London is very much influenced by the work of Mendelssohn and Poelzig to be seen at the time in Berlin. It is now known as the

Apollo Victoria

The Odeon style was the creation of the Birmingham film fanatic and founder of the chain, Oscar Deutsch. He retained a Birmingham architectural practice, Harry Weedon and Partners, which developed the idea of architecture as corporate advertising. It was England's answer to Art Deco. Odeons spread all over England, as fast as McDonald's hamburger chain spreads today. All of them adopted a streamlined modern style, with interiors that were memorable for geometric carpet designs and glamorous ruffled stage curtains. They even developed their own lettering - the hexagonal "O" for Odeon is as distinctive as any logo.

Architects had a field day with cinemas, and only a few firms were employed. Harry Weedon in Birmingham enlarged his office from six to 140 employees in 18 months at the height of the cinema boom, and George Coles, who worked in partnership with Percy Adams, completed more than

60 cinemas. Coles's greatest work was the Gaumont State theatre in Kilburn. It opened in 1937 and was the largest cinema in England, with some 4,000 seats. With its tower, this ambitious building still stands, and is a landmark in north-west London. In turn, Coles's Troadero at London's Elephant and Castle stood out as a haven of elegance.

Unfortunately, cinemas have lost their romance, and with it their glamour, as well as the feeling that a visit to a movie-house was an occasion. The modern divided-up building with half-a-dozen tiny cinemas inside the space of a larger former one is an unattractive animal.

There is no space in which to circulate, no sense of a special occasion. The great Odeon styles were impressive and stylish, like the old movies. Yet our concrete times need glamour even more. We will have to be vigilant about the remaining super cinemas, for we shall not see their like again in the next 100 years.

Genius for rugby

Keith Wheatley on a force taking Bath forward



When Jack Rowell left Bath to become manager of the England rugby union team, there were two near-unanimous predictions. First, that the England side would start to play the kind of open, flowing rugby that Rowell preached. Second, that Bath might lose their total dominance of the club scene with the departure of Rowell after 17 years as the club's coaching guru.

Yet one year on we see a very different outcome. England may have won at Murrayfield and spoiled Scotland's hopes of a grand slam, but their performance was universally condemned as a negative display of forward power and penalty kicking. To millions of fans it looked like 1960s rugby come back to haunt them.

Bath, on the other hand, go from strength to strength. They are this season's favourites to win both the Courage league and Pilkington cup. Their brand of expansive, running rugby is a level above almost any other team in Britain, with the occasional exception of Sale and Wasps.

Insiders say that much of the credit should go to a quiet northern schoolmaster, Brian Ashton. He is in his seventh season coaching at Bath, but in the past year has stepped out of Rowell's shadow and accepted the spotlight. Ashton's vision drives the side.

"For the first four years I was simply coaching the backs," explained Ashton, before supervising evening prep at King's School, Bruton, in Somerset, where he is head of PE and teaches history. "But it gradually spread to trying to develop the forwards' handling and running skills, plus decision-making. As our vision of the game began to catch hold and widen, we began to think our forwards should be doing more than pushing at scrums and jumping at line-outs."

This encompasses far more than encouraging beefy props to run faster and pass more

often. It goes to the root of how each player perceives his role. "Traditionally in rugby, Numbers 8, 9 and 10 have been the decision-makers," says Ashton. "At Bath we tend to say: 'Look, if you've got the ball it doesn't matter what number you've got on your back. You're in charge of what happens next. And if you're stuck next to that guy, you're responsible for ensuring continuity and flow in the game.'"

Ashton sees the key to Bath's ascendancy as the mid-1980s, when stand-off Stuart Barnes joined. Ashton had never encountered any player so competitive, so engrossed in winning, that it took the team to new levels of commitment. "Bath never want to stand still. That's now the root of the club's success. Now the players have got on a roll they'd just hate to be on a side that didn't win the double or whatever. It's a constant challenge," he says.

In his younger days he was a good scrum-half, on the fringes of the national side. He toured with England in 1975. "We've always tried to stay one step ahead of the game, but at the moment I think we're two or three steps ahead of most sides in the first division," he says.

Barnes, retired from playing and a writer and commentator on rugby, reciprocates Ashton's esteem. Says Barnes: "As a coach he would always come up with something original, throw the players an idea and ask them if they could make something of it. He certainly didn't have Jack Rowell's confrontational style of motivating people but is fantastic at asking questions that get a team thinking."

Ashton's style of going for minds rather than hearts shows in his enthusiastic appreciation of a recent campaign by his sixth-form pupils. At an early-season schools Sevens tournament, Ashton urged the Bruton side to see if they could go the whole 20-minute match without a kick.

Not only did they manage it but the boys unilaterally decided to adopt non-kicking as a 1st XV technique for the

rest of the term. "It was extraordinary. They won 11 games out of 12, scored an average of seven tries per match and beat our old rivals King's College, Taunton, 37-8. We hadn't beaten them in 26 years," says Ashton. "Although it obviously isn't feasible to 'ban' kicking in Division 1 rugby, I managed to convince the Bath players that this is the general direction we ought to be heading in, and we've begun to use some of the moves that the boys developed."

As top-level rugby union moves through its transitional stage towards full professionalism, Ashton comes closer to a personal dilemma. Bath's team train on Monday and Wednesday evenings. Ashton gives them his spare time and somehow it all works. "If the players become full-time or even part-time professionals, I'm sure they're not going to want to train from 7pm to 9pm on a weekday evening in winter."

"They're going to want to get it out of the way in the morning, then go off to the office or spend the afternoon with their families and live a more civilised life. . . They're going to want a coach at the same times and that would mean a big change in my life."

"I love teaching, love contact with the youngsters. It keeps your own attitude fresh. I've been a teacher since 1962. I've never been a full-time rugby coach. I'm 50 years old and I haven't got many more miles left in me. Perhaps five more years at the level I am now."

What will shape Ashton's decision is his belief that Bath have yet more to offer on a wider stage. "I wonder if the Courage league has served its purpose?" he asked. "The same four clubs seem to end up at the top of each division every season. It was introduced to shake up English rugby and improve standards, and it's done that now."

"The Anglo-Welsh league and the prospect of a European competition are all more exciting. The game needs new horizons and cultural challenges. There's no limits to how good we can be at Bath."

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NATIONAL BUSINESS CONFERENCE & EXHIBITION: ERITREA'S MIRROR

The National Business Conference and Exhibition (NBCE) held from the 9th to the 17th of December, 1995 was launched to address the social, political, cultural and economic problems that are impediments to business and entrepreneurship development and to recommend ways and means of achieving stable growth in the next five years. The NBCE has come up with the following recommendations to foster an enabling environment for business development and entrepreneurship and in the process promote sustainable development through judicious distribution of resources and the optimal utilisation of external resources that will, in a programmed way, be replaced by internally generated resources.

MACROLEVEL PLANNING, POLICY ANALYSIS & ECONOMIC REFORM MANAGEMENT

Strengthening the policy research and analysis capacity; improving forecasting and analytical methodology; improve public expenditure control; establishment of an integrated macroeconomic management information system; promotion of Government and private savings and their effective management to carry out macro-economic and management functions with special emphasis on co-ordinating policy analysis of overall macroeconomic weaknesses.

PRIVATE SECTOR DEVELOPMENT

Review of legal and regulatory framework; strengthening investment offices; capital market development; enhancing the role of Chamber of Commerce as interlocutor; strengthening Professional and Entrepreneurial Associations; investment promotion entrepreneurship development programme; credit schemes for the informal Sector; improving information and advisory services; technology transfer, upgrading and extension service; strengthening of capabilities in extension service and marketing of viable rural technologies; business management training.

PUBLIC ENTERPRISE REFORM/ RESTRUCTURING & PRIVATISATION

In tandem with the policy-legal measures, the government has implemented a series of administrative measures related to public enterprise reform including abolition of multi-firm public corporation as part of reducing the layers of decision-making and control organs; establishment of a Privatisation Agency to undertake divestiture of State owned enterprises.

DEVELOPMENT AND IMPLEMENTATION OF REFORM MEASURES

Policy Review and Reform; establishing an effective management information; rationalisation and promotion of civil service training and skill upgrading; establishing organisational capacity for privatisation and creating and strengthening institutional and legal framework for privatisation.

PROGRAMME FORMULATION, DEVELOPMENT & IMPLEMENTATION ARRANGEMENTS

This remains the bed-rock of the development programme for the next few years. It is expected to finance the development of programme areas in entrepreneurship and private sector development; management of economic and technical change; capital and technology; marine resources development, food security and environment; human development, human resources development and utilisation, infrastructure, rural and regional development.

For further information please contact:

The Asmara Chamber of Commerce
Telephone: + 291 1 121388/120045, Fax: + 291 1 120138

MEDIA FUTURES

As Japan's commuters consult the first palmtop electronic daily, William Dawkins in Tokyo and Martin Mulligan in London find the newspaper industry strangely sanguine. But even weirder stuff is on its way, says Victoria Griffith in Boston

Hold the liquid crystal display!

The portable electronic newspaper has burst free of the pages of science fiction and become a reality in Japan, write William Dawkins and Martin Mulligan.

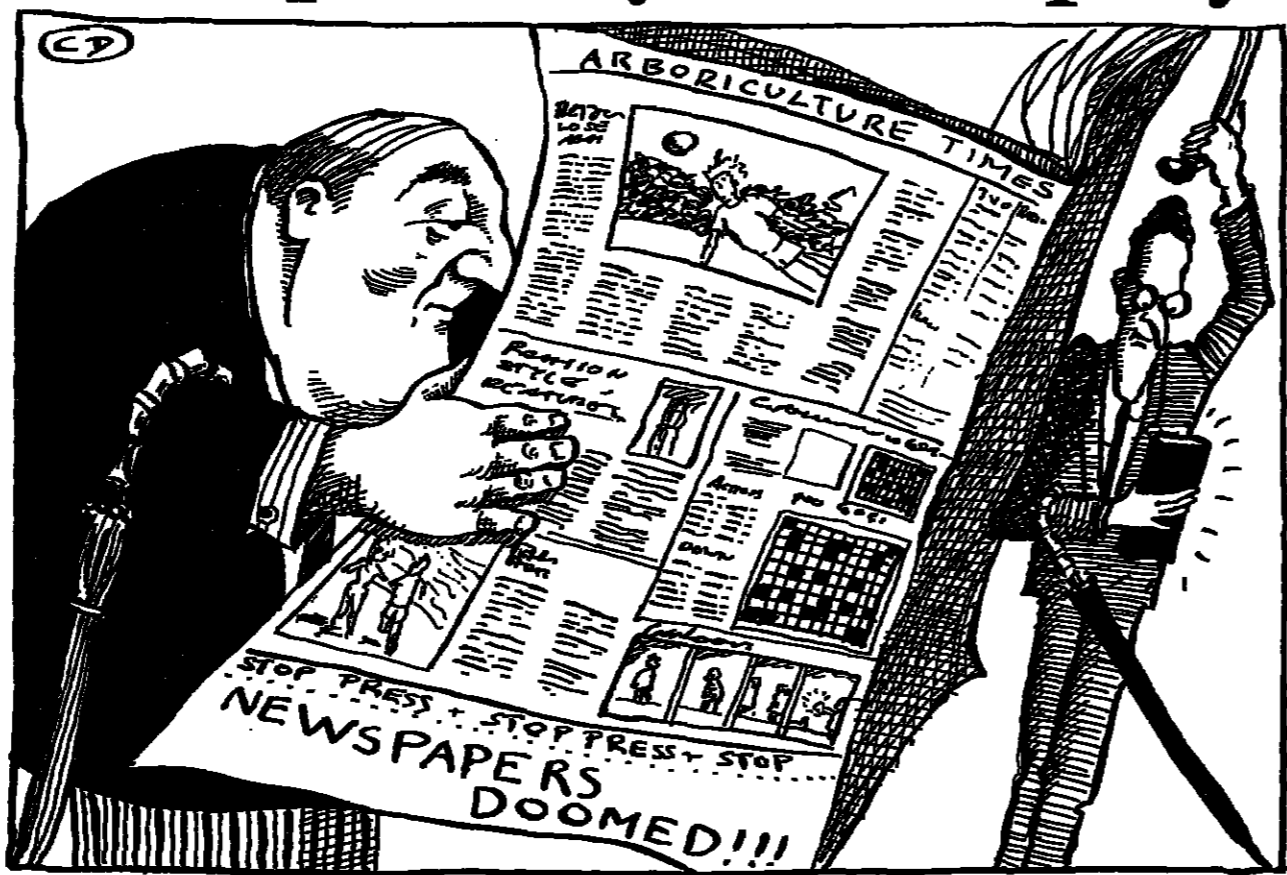
The Mainichi Shimbun, Japan's third largest selling national daily, has launched what it believes is the world's first pocket-sized computer newspaper, and is confident that it will reach its target of 50,000 subscribers within the year. The electronic Mainichi already says it has more than 1,500 readers, increasing at a rate of more than 200 daily.

The electronic Mainichi can be received in Japanese five days a week by modem on a Zaurus palmtop computer, made by Sharp, the electronics company. A simple menu enables readers to download and store news stories. These can be filtered according to personal interests, to be recalled and read - one-handed, if necessary - on the crowded subway journey to work.

The electronic Mainichi is updated at 5am and 5pm, or more frequently for big breaking stories, so that the young office workers seen as its target readership can refresh their Zauruses before leaving for work in the morning and prior to returning home. The Zauruses can pick up their news implants via telephone, mobile or public call box.

The electronic Mainichi is by no means a full version of the dead-trees newspaper. Via Nifty Serve, a Japanese information service network, the Mainichi has made available between 150 and 200 stories per day at 150 words each. A typical selection of 15 pieces takes about three minutes for the Zaurus to download on its 2,400 bits per second modem, says Takuya Kikuchi, Mainichi's deputy manager of information development.

Like other personal digital assistants, the Zaurus has a flip-out-sized monochrome screen, on which short news stories are relatively easy to read. A better service will be available within a year when Sharp launches a colour-screen Zaurus able to show pictures. For most readers, the elec-



tronic Mainichi will be a more expensive - even if more convenient - way of receiving their news than spending ¥110 (69p) per day on picking up a dead-trees version at a kiosk.

The basic electronic service costs ¥500 per month, plus ¥10 per minute telephone charge and subscription to Nifty Serve. Then there is the Zaurus: ¥93,000 for the latest model. It does nearly everything that a laptop can do.

Despite the relatively high cost to readers, the economics of the electronic service seem certain to arouse interest within Japan's vibrant newspaper industry. There are 800,000 Zaurus owners in Japan, and the newspaper's Takuya Kikuchi reckons that the service, to which 10 staff have been allocated so far, needs only 10,000 readers to show a profit.

Mainichi's bid for electronic

readers among Zaurus users makes observers wonder whether a similar service may work in other countries, such as Britain, which has a high number of palmtop owners. Foreign newspaper magnates may soon take an intense interest in Tokyo commuters' reading habits.

But is Japan's fast-growing, commuting newspaper readership representative of the rest of the world? Roger Fidler, a founding father of the electronic newspaper concept, who developed a prototype for Knight Ridder in Boulder, Colorado, thinks that only a particular kind of reader wants frequent news updates. Others - perhaps the majority - would be uncomfortable with updates throughout the day.

"It would make people feel they're always missing some-

thing," says Fidler. Reader resistance and established habits are obstacles in most places. But the holy grail of the truly electronic newspaper appears to be drawing nearer as computer ownership rises internationally and production costs plummet.

The newspaper, nevertheless, remains the ultimate random access information provider, and its role clearly goes beyond even that, as a source of entertainment and analysis. There is even evidence globally that, far from eroding readerships and sounding the death knell for ink-on-paper versions, electronic technologies of all kinds are stimulating book and newspaper sales.

UK newspaper proprietors nevertheless have their antennae tuned to developments in Tokyo. Hugo Drayton, electronic publisher and marketing director at Conrad Black's

Telegraph group in London, predicts that "at the margins and in the longer term, (palmtop technology) will have an effect on dead-tree readerships, but not in the next five or ten years". Just now these technologies appear to be giving a filip to the industry. People reading the Net version of The Telegraph, for instance, are new readers - "people who wouldn't normally read us", says Drayton.

A source at Rupert Murdoch's News International, who did not want to be named, said that "although the industry is not quaking in its boots, it takes the challenge of these new information delivery mechanisms seriously". But not too seriously, in London, the Murdoch-owned Times and Sunday Times, which have invested in Net sites and boast 120,000 registered users, still lack a palmtop pilot project.

Tim Jackson

Brokers tremble as E*Trade takes off



Your broker is now obsolete! This was the banner headline across a recent full-page advertisement in the US edition of The Wall Street Journal. The ad was bought by a Californian technology company, E*Trade Securities, to raise the competition between America's discount brokerages to a new pitch.

Last month, E*Trade launched a service to allow customers to deal in stocks, bonds and options using the World Wide Web of the Net. The Net allows orders to be filled without human intervention: bargains are struck entirely by computer.

E*Trade is not the only brokerage that allows customers to issue buy and sell instructions on the Web. I know three others; there may be more. But the company is interesting for at least two reasons.

One is its prices. At a flat rate of \$1.45 (93.70p) per deal on the New York exchange and \$19.95 on Nasdaq, E*Trade's broking charges are probably the lowest in the business, with the exception of deep discounters who offer unlimited trades for \$800 a year. That is certain to put pressure on the discount brokerages which have persuaded millions of US investors to give up long-standing relations with a single broker in favour of a low-cost dealing system in which they talk to a different 23-year-old every time they call.

The other interesting point about E*Trade is its backgroun. By pedigree, it is neither a retail brokerage nor a Web design house; it is a technology firm that developed online products for companies such as Schwab and Fidelity, and has operated its own online broking channels since 1992 through America Online and CompuServe, and via direct telephone modem link. The great strength of

E*Trade's Web site is that it is simple. Orders are entered using a one-screen form; balances, transaction histories and portfolio valuations are equally easy to obtain. There is no handbook to read, no floppy disks to send off for, no set-up fees to pay, and no strange software to learn.

Part of this simplicity is no doubt due to Pam Kramer, a former Salomon Brothers employee who came to E*Trade from a consumer software company where she developed computer programs for children. Kramer, who was responsible for the site design, boasts happily that a customer can buy stock on her system using only two mouse clicks, while a competitor's Web site requires seven.

Two refinements are likely on the site (<http://www.e-trade.com/>) in coming months. Context-sensitive news will allow a customer interested in a particular stock to click a button to check for the latest news on it. And passive e-mailing will allow customers to receive information about news or changing prices without connecting to the company's Web site.

Kramer says E*Trade's products appeal, predictably, to early adopters. Three-quarters of customers have two or more university degrees. Their median age is 40, which for US retail investors is young. They are also active traders: a substantial proportion of users of the new Web service buy or sell three times a week.

The service carries risks. In amateur hands, the temptation to deal often may prove so great that customers churn their portfolios, throwing away in market gyrations what they have gained in broking discounts.

But E*Trade's move illustrates the Web's growing momentum as the delivery mechanism for a wide range of products and services. According to Kramer, most customers want to trade from the office. In many US companies, it is easier and quicker

to do this across the Net than by phone or via a proprietary online service.

Web-based broking may prove a good case study of what the Net can do to a service business. The Net removes intermediaries, allowing a company that possesses an underlying technology to jump over others that have cultivated relations with end-users.

The Net also makes geography irrelevant: E*Trade's 200 employees, all based in Palo Alto, can serve not only all American states but also customers outside the US, who at present pay high fees to deal in US stocks.

The Net removes economies of scale. E*Trade will not say how many customers it has, though I believe the figure is a little over 60,000. Yet its technology ownership and its low cost base may allow it to compete with the Schwabs and Fidelities of this world, which are two orders of magnitude larger.

An illustration of how the Net equalises big and small firms can be seen in advertising. E*Trade booked radio ads and two pages of The Wall Street Journal, and paid \$15,000 for a slot on the Netscape Web site. But its most valuable source of new clients so far is a recommendation from best-of-the-Web services and search engines.

There are only two respects in which E*Trade makes an odd Net business. One is that the ceo of its holding company, Bill Porter, is 67, with about three times as many years' business experience as the average Net ceo.

Another is that the company believes there are barriers to entry to its market. With 1m lines of code and \$12m of equipment, E*Trade's system will take more than a weekend's work to imitate. The need for regulatory approvals from exchanges, and from each state, will also slow the competition down. Tim Jackson's Web site is <http://www.ft.com/jackson>

Digital ink grants every whim

It may soon be possible to curl up with your computer in an armchair the way you would with a good book, thanks to work at the Massachusetts Institute of Technology's Media Laboratory, writes Victoria Griffith.

Researcher Joseph Jacobson has come up with a method of embedding particles in paper to make what he calls an "electronic book", and plans to have a prototype ready within 18 months.

The device would pack a big memory - Jacobson claims it will be able to store about 500 words of several hundred pages each - and have the weight and feel of a traditional, ink-on-paper book. Text could be taken directly from the Internet. According to Jacobson, it would take just one minute to download a work like *Moby Dick*.

The technology means that a library of books could be contained in a single electronic volume. When a button was pressed, the electronic ink inside the device would be transformed in seconds, turning a copy of *War and Peace*, for example, into *The Client*.

Everything goes to plan, analysts say the new product could transform the multimedia revolution. It also has profound implications for journalism.

Infobahn cruisers have two

common complaints: first, that it is hugely tiresome to read things on a screen; second, that computers are not as portable as books, magazines or newspapers. "These hurdles have yet to be cleared to make the multimedia reading experience enjoyable," says Edward Julian, a multimedia analyst at International Data Corporation.

Books have other advantages over computer screens as well. They can be thumbed through in a way that is difficult to do with text on a screen. And readers can make notes in the margins of books far more easily on paper.

The electronic book project, which is being designed for commercial use, is being funded by Gruppo Grauso and the Things That Think Consortium, which funds much of the Media Lab's work. Jacobson says the volume will probably retail for about \$2 to \$4 per reusable page.

He is not the first researcher to tackle digital ink. In 1962, scientists came up with particles that could be flipped with magnets to create different designs, while in 1977 Xerox embedded electronic particles on thick rubber sheets. These inventions were seriously flawed, however. The resolution of the ink was poor, making the print difficult to read, and the media were too thick and bulky for the electronic ink to be of much use.

Liquid crystals - used in standard laptops - are a form of digital ink that transformed the computer market, allowing for smaller, more portable devices. Liquid crystals are

unstable, however, and need thousands of transistors behind them providing a constant electronic charge to keep the molecules in place. For that reason, they cannot be used on a surface as thin as paper.

Jacobson says the particles he has created for the project are small and stable enough to be put on paper. The particles, at 40 microns, are essentially bi-coloured spheres that can be rotated through small amounts of electronic charge to create different patterns, which give the illusion of ink on paper.

Jacobson admits there may be some problems in applying his technology. One question is how to deal with the copyright on electronic books. "One of the first uses may be to download from the World Wide Web 500 copies of pre-second world war titles," he says. "That way we wouldn't have to deal with royalties."

With time, though, Jacobson believes the copyright issue can be handled. The scientist says a publisher when a book is called up electronically. A fee could then be levied via credit card. Jacobson also foresees early applications for lawyers, who need to review enormous amounts of documents. "We could come up with a way to store margin notes in the book's memory, so that attorneys could mark up the documents," says Jacobson.

"The printing industry is interested in the technology. "We could see a demand for

textbooks with charts and tables geared specifically to certain students, for instance," says John Tanelli, senior vice-president of technology at printer R R Donnelley. "The textbooks could be altered and updated more easily."

The electronic book has profound implications for journalism as well. Presumably it would be available at magazine-thickness. Instead of buying a newspaper at a local stand, readers could download it every morning from the Internet on to their digital briefcases to read on the train. The magazine might contain in its memory not only the most recent edition, but past versions as well.

However, the Media Lab's project faces some significant hurdles. It is still uncertain, for instance, whether the resolution of Jacobson's particles will be high enough to make them as readable as ink on paper. Even if it is, sceptics say the lack of interactivity will be a severe drawback. "The reason people read us on the Internet is because they can interact with the paper, 'talk' to the editors and things like that," says John Lux, online editor at the Chicago Tribune. "If there's no interactivity, there's no advantage over buying the paper at the local store."

Others disagree. "If people wanted to be interacted all the time, books would be dead," says Edward Julian of IDC. "Even if there is no interaction, there would be a lot of applications for this sort of technology."

Cyber sightings

● Baltimore investment management firm T Rowe Price (www.troweprice.com) has put up a very nice site, with simple, effective graphics and lots of information. It has mutual fund and retirement investment data, plus daily market updates and weekly summaries. Good links also to other investment-related sites.

● After my six year-old's recommendation of the Disney site last week, I have no qualms about including another of his latest favourites. Famous US toy store

FAO Schwarz's site (<http://faoschwarz.com>) allows you to browse its catalogues and see the most up to date toys. They're "serious about play".

● Details of Intelligent Environments' Amazon Web server, with the implications for interactive client-server applications, can be obtained from www.iemc.com

● Oxford-based Freepages (www.freepages.co.uk) has designed its database system "to be one of the most comprehensive UK classified business directories". Searchable, and able to pinpoint the nearest business or service provider.

● Benetton launched its new site (www.benetton.com) "virtually" last Wednesday. The server was unobtainable most of the next day, perhaps due to heavy usage. It has Press releases, catalogues and ad

campaigns from the clothes company that loves to shock.

● From one sin to another... The Seven Deadly Sins is a guide to systems selection and implementation by Tate Bramald, the London-based accounting systems integrators. The site (www.globalnet.co.uk/tatebramald) gives advice on how to avoid the pitfalls connected with systems projects.

● Dutch brewer Amstel has set up the RiverSite Café (www.amstel.nl), where you can sign up for a quiz to win tickets for the Uefa Champions' Cup final. A fun site, but those yellow backgrounds are a bit too much if you've been upping the company's profits the night before.

● In like vein, the technical-or mish-mash that is the Club 18-30 site (www.subnet.co.uk/subinfo/18-30) is exactly what you'd expect after the Limbo Dance While Drinking a Pint of Sangria Contest.

● The Creative Incentive Coalition (www.cic.org), including many large US media and publishing associations, has a site for visitors to learn about copyright in cyberspace, and to collate information on copyright legislation. A site well worth a visit.

steve@gmcbook.demon.co.uk

Financial Times on the World Wide Web

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London, 21 & 22 March 1996

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BUSINESS TRAVEL

A drive for technology

Competitive car-hire groups have found a reason to co-operate, says Amon Cohen

Collecting and returning a hire car is a notoriously irritating business. Not only is there a mass of paperwork covering insurance, licences and credit card payment, but there can be lengthy delays while the vehicle is checked for mileage, petrol consumption and damage.

Stimulated by the rivalry in one of the most competitive sectors of the business travel market, car-hire companies have been working on ways of cutting transaction time for their customers both at the beginning and end of the rental process.

Some offer a priority collection service which involves booking the rental over the telephone or computer and simply picking up the keys in exchange for showing your credit card. On return, many car-hire companies equip their employees with organiser hand-held computers to register return information as the car arrives in the parking lot.

The car-hire industry is poised to go a step further, and is evaluating technology developed by, among others, Texas Instruments. Using the new system, returning drivers will simply have to drive over an electronic pad in the ground.

This will record not only the vehicle registration and identification numbers, but what time the car returned, how many miles it covered, and how much petrol was left in the tank.

This is possible thanks to the transponder - a computer chip that responds to radio waves rather than direct contact. Under the system each car would be fitted with a transponder which would be read by an antenna loop in the pad

when the car is driven over it. If implemented this could save a great deal of time. John Allen, project manager for the British Vehicle Rental and Leasing Association, says it might soon "not be necessary for a driver to do anything apart from park their car and get out of it".

The transponder will also eliminate arguments, especially at locations where there is no attendant and drivers are obliged to fill in details and leave them in a box.

"With this technology, there can be no dispute over the accuracy of return time and data," says Allen. So far, no car-hire company has bought the technology, although Avis has "flirted with it" in the UK and Italy, according to Chris Fisher, Avis Europe's director of planning and analysis.

In the US, Alamo Rent A Car has also investigated transponders, but does not intend to introduce them this year, says Gillian Shearer, senior sales and marketing director.

However, the chances of introducing transponders now look better than ever thanks to an initiative from the UK rental and licensing association and the European Car and Truck Rental Association.

But customer service is not the main reason for pressing ahead with the technology - companies are concerned about security, which

is why they are prepared to co-operate on the issue.

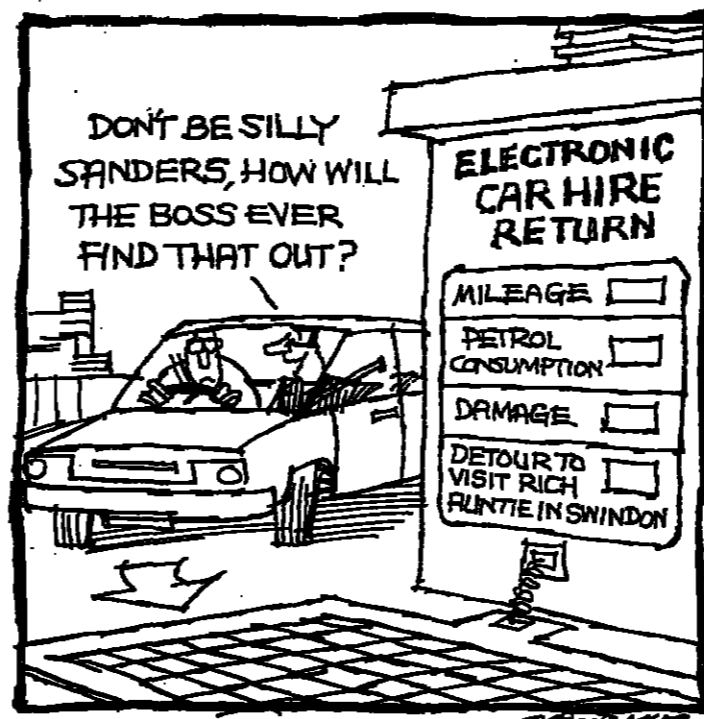
According to David Hislop, sales and marketing manager of Texas Instruments Registration and Identification Systems, tough security systems are necessary because of a particular feature of the car-hire industry.

"Car-hire companies are unusual because they are giving a very valuable asset to people that they know very little about," he says. This trust has been breached in recent years, with a worrying tendency. In particular, for cars hired in western Europe to be smuggled outside the European Union to eastern Europe, normally through Poland.

Transponders may be the solution to the problem, and the licensing association met Texas Instruments and Customs and Excise recently to discuss the issue. Texas Instruments is proposing to fit antennae at every port and customs post in the EU, where officials would be equipped with computers which could alert them when a car authorised for travel only in the EU tried to cross the Union's frontiers.

Such a measure would frustrate thieves and ultimately, says John Allen, prevent car-hire tariffs from rising.

Nor would criminals be able to circumvent the problem by removing the transponder chips from cars. "A transponder is only the size



of a 5-amp fuse, so they would be hard-pushed to find where we had hidden it in the car," says Allen.

Another security measure being considered is the use of transpon-

ders to immobilise rental vehicles. Many new vehicles are already fitted with these devices; a chip in the key head prevents the operating system from functioning unless the correct key is inserted. In a rental

vehicle, a transponder could be used to immobilise it after the hire period has elapsed.

As a bonus, car-hire companies could also use transponders to eliminate internal fraud. If an antenna pad were placed near company petrol pumps, only authorised vehicles - not staff cars - would be able to draw any fuel.

With so many apparent benefits, one might expect transponders to be fitted in every hire car by the end of next week. After all, the technology is there, and is similar to the systems being considered by the UK government for use on private toll roads.

The stumbling block is that capital costs may prove prohibitive: Malcolm Kyle, security manager at Hertz UK, who is also on the licensing association's security committee, says transponders could be "a solution to a big problem".

"The European car-hire industry is losing large amounts of vehicles every year. But we are talking about fitting transponder technology at every border post, every port and every rental vehicle," adds Kyle. "There are 1.5m (hire cars) on the road in Europe at any one time, and most hire companies replace their fleets after less than a year."

Despite that upbeat assessment, there is no guarantee that transponders will be introduced. In the meantime, however, civil liberties campaigners may start considering other implications of transponders.

If they were installed at all frontiers and goodness knows where else, would we be happy that computers were tracking us wherever we drove?

Guard offer for Russia

UK travel agents are prepared to provide armed bodyguards for British visitors to Russia, it was revealed last week. The news follows the death of Scottish lawyer John Hyden who was caught in the crossfire of a shooting in a St Petersburg hotel last month.

The Foreign Office in London has already warned tourists to Russia to exercise caution, especially in Moscow and St Petersburg. "We can and will provide armed bodyguards if they are asked for," said Mike Chandler, chairman of Russian specialist tour operator Worldmark Travel.

Keith Bettin, head of corporate affairs at the Association of British Travel Agents, said that independent or business travellers to Russia were most at risk.

Travellers are warned to be vigilant, to dress down - and to keep jewellery, watches and cameras out of sight. Visitors to Moscow should be especially wary of groups of young vagrants.

The airport at Hue, in central Vietnam, will be closed for three months from April 1 for a £1.9m renovation and extension of the runway. Passengers can fly to Da Nang and be bussed to Hue.

Travel News • Roger Bray

Pressure on US fares

Air fares to and within the US look likely to come under increasing upward pressure. European airlines reported record north Atlantic load factors for the 10th consecutive month in January, and US domestic airlines are turning in profits again after nearly piling into a black hole.

The Association of European Airlines says north Atlantic flights by members, which include British Airways, Air France, Lufthansa and other large airlines, were on average 64.1 per cent full in January, which is usually a slack month. Traffic across the Atlantic rose by 8.7 per cent, in spite of the blizzards on the US east coast.

Research by Reed Travel, which publishes the Official Airline Guides, contains yet more cautionary news. The number of airlines going bust in the US last year exceeded the tally of new ones. Big carriers desperate to cut costs have pruned or partly absorbed their franchised commuter operations. Some small operators, not sheltered by the marketing umbrella which the large carriers afford, have been dropping by the wayside.

When the dust settles, travelling will be more predictable, with services less likely to vanish overnight. The downside: softer competition and fewer spectacular bargains.

Sharp electronic eye

Big Brother may be watching you. Travellers tempted to switch airlines or pump up hotel spending - either to ensure an upgrade or earn more frequent-flyer or loyalty points - beware. Travel agency Carlson Wagonlit is developing software which will flag a warning when people are infringing travel policy.

Nobody knows how much UK companies, for example, spend unwittingly indulging executives' travel comforts and perks, but some agents estimate it could be as much as £200m a year. As Richard Lovell, UK managing director of Carlson Wagonlit, points out, some companies are stricter than others.

However, he believes the impact of employees trying to earn additional airline points is relatively slight. Agents booking executives on unnecessarily tortuous routes with the same end in mind would quickly forfeit business. His company's

Quality Manager system will allow travel managers to spot offenders even before they take a taxi to the airport.

Cheaper way to Jo'burg

Out-price alternative on the London-Johannesburg route: Bluebird Express has got permission from the South African government to sell charter seats at either end of the route without dressing them up as package holidays. It may also offer single fares. A 10-day advance purchase return in Caledonian Airways' Highland first class costs £719 - the single fare is £455. There are two round-trips a week from London Gatwick on Mondays and Thursdays. Seat pitch is 38 inches. That compares with about 44 inches with South African Airways where the lowest business class return fare is £2,080; and 60 inches in British Airways' re-ramped Club World. The lowest fare with BA in Club World is £2,235.

Paris prices held

Dining in Michelin-starred restaurants can be painfully expensive. So it is heartening to see that at least one exalted Paris restaurant has held its price firm in check.

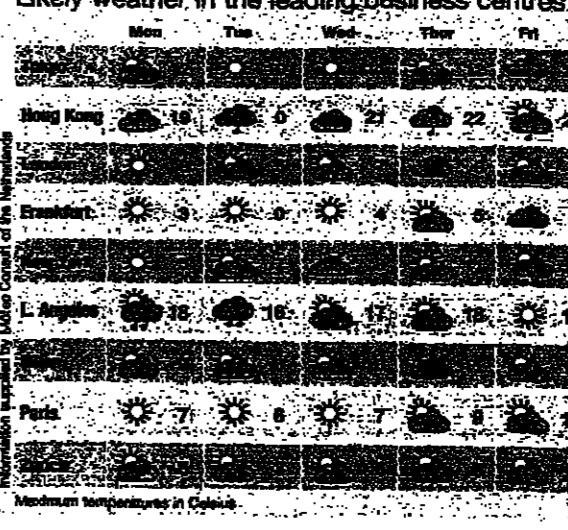
The new edition of Michelin's red guide to France elevates Arpege in the Rue Varenne, in the seventh arrondissement, from two stars to three-star status. Specialities include smoked chicken with foie gras ravioli. And for the time being, at least, its cheapest set lunch costs the same FF290 (£50.51) as in 1994. Les Elysees at the Hotel Vernet, in the eighth arrondissement's Rue Vernet, has been given two stars.

Useful one-star additions outside Paris include Michel Sarrazin in Toulouse, handy for those with Airbus contracts, and two in Troyes: Auberge de Ste-Maure and Clos Julliet.

Strong stuff

That most delightful of hotels, 42 The Calls, in central Leeds, lists its cellar contents on labels stuck to three-litre Cotes de Blaye bottles from Bordeaux, which are put in the hotel rooms. "We asked the suppliers to fill them with coloured water," says conference and sales manager Helen Tremlett, "but it was cheaper to buy them full of wine."

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CHICAGO
Chicago Opera's 1996-97 season comes to a climax with three cycles of "The Ring" starting tonight at the Civic Opera House. The Chicago production, conceived by Zubin Mehta, staged by Robert Lepage and designed by John Myhre, brings together many of the world's leading Wagner singers, including James Morris, Siegfried Jerusalem and Siegmund Schlemmer. The second cycle starts on Tuesday with "Die Walküre" and the third on Thursday with "Die Götterdämmerung".



ARTS

BUDAPEST

Since it was first held in 1981, Budapest's Spring festival has developed into Hungary's biggest arts event. The 1996 programme, opening on Thursday, features the Cleveland Orchestra, the Marthe Graham Dance Company, the Budapest Festival Orchestra and staged performances of Wagner's "Parsifal".

CANBERRA

Two of Australia's leading museums have pooled their resources to mount a retrospective of J.M.W. Turner. Comprising 100 of the artist's finest works in oil and watercolour, it opens at the National Gallery of Australia in Canberra on Saturday, and moves to the National Gallery of Victoria in Melbourne in June. Of particular interest are Turner's two paintings of the spectacular fire that destroyed the Houses of Parliament in 1834.

LONDON

Sam Mendes's (below) acclaimed staging of Stephen Sondheim's "Company" transfers from the Dorner Warehouse to the Albery Theatre on Wednesday, joining Mendes's Dorner staging of "The Glass Menagerie" in the West End (at the Comedy Theatre). The cult play of the cult novel "Trainspotting" (not to mention the cult film) transfers on Thursday to another West End theatre, the Whitehall. The adaptation is by Harry Gibson. The novelist Irvine Welsh is



very much in the public eye; his subsequent novel "Marabou Stork Nightmares" has recently taken to the stage at the Glasgow Citizens Theatre.

Pianist Chick Corea (first, right) opens Jazz at the Barbican tonight, with a quartet which features saxist Bob Berg. Later in the month there are concerts by Andy Sheppard (right) and John Surman. The season closes with a rare UK date, in June, for swinging pianist Oscar Peterson.



Riace bronzes back on their feet
High-tech meets ancient Greece in Reggio Calabria. Robert Graham reports

In a neat paradox, one of Italy's most unlovely cities hosts two of the country's most stunning works of art. The city in question is Reggio Calabria, which was near levelled by an earthquake at the turn of the century and whose hideous recent building has broken every rule in the planning book.

But a visit to Reggio's archaeological museum will instantly erase these unappealing surroundings. The museum houses the so-called Bronzes of Riace. These are two of the finest and best-preserved bronze statues to survive from the Greek classical period, which were fortuitously found embedded in sand off the Calabrian coast near Riace by an amateur diver in 1972.

The grace and sheer presence of these extraordinary male figures (to say nothing of their sensuality) made them instant celebrities. Requests to exhibit them round the globe flowed in, including for a special guest appearance at the Los Angeles Olympics.

However, these 2500-year-old statues - probably representing Greek heroes - have only left Reggio once. This was for a five-year-long restoration in Florence which lasted until the end of 1988. Advantage was then taken for their brief exhibition first in Florence, then in Rome where they enjoyed the rare honour of being displayed in the presidential palace.

The statues have just undergone a second and more complex restoration and conservation treatment. But now they are back on display in a specially controlled protective environment and balanced on innovative seismic proof stands because the danger of earthquakes in Reggio remains serious.

The second restoration was necessary because during centuries on the seabed the casting cores inside the statues had absorbed substances harmful to conservation. Some 60kgs of earth was eventually extracted from each of the two statues. More importantly, the cleaning process provided archaeologists and scientists with precious new knowledge about Greek methods of casting bronze and statue-making. Indeed, the discoveries have opened up a new debate on existing theories about how

the great Greek bronzes of the 6th-4th centuries BC (with such master sculptors as Phidias) were produced. Until now, scientific knowledge of Greek bronzes has been exclusively related to the external surfaces. Thanks to funding and the technical assistance supplied from an array of companies within the Finmeccanica group (a state-controlled holding company), extensive "internal excavation" was possible.

Borrowing from medicine, scientists developed endoscopic techniques to poke around inside the statues. By laying the statues flat on "hospital beds", it was possible to penetrate their bodies through holes in the soles of their feet using thin articulated metal arms. Mounted on these arms were micro-television cameras and ultra-sonic cleaners (like those used by dentists).

The introduction of micro-television led to an extraordinary revelation. The cameras showed the sculptor/sculptors had made the inner casting cores from hundreds of thin slabs of clay mixed with animal hair, probably to give greater strength. These slabs, rather like strips of lasagna, had been wrapped spirally around internal iron bars, which formed the "skeleton" for the statues.

Although archaeologists are not completely certain, this suggests the statues were created by free-hand modelling. In other words the sculptor did not start with a clay model which was then reproduced by a system of moulds of individual sections of the body as originally thought. Instead the artist made a non-reproducible model which was then coated in wax prior to casting. No Greek author refers to this technique, which was not adopted until Cellini during the Renaissance.

The casting process itself was done in sections, and then subsequently joined. The cameras also showed just how sophisticated the joins were. But if it is now clear how the statues were made, the figures' identities are still shrouded in mystery. Dating techniques place the statue around 460-50 BC, the other some 20 years later around 430-410 BC. One theory has

them representing two famous Athenian warriors at the battle of Marathon transformed into heroes - the height and proportions of both being exaggerated above the scale of the human body to emphasise their heroic nature. The quality of the workmanship suggests them to be part of a group of statues made by several artists for the first monument in Athens commemorating the victory of the Athenians over the Persians at Marathon. The likely artists were from the circle of Phidias, perhaps one by his son another by a prominent pupil.

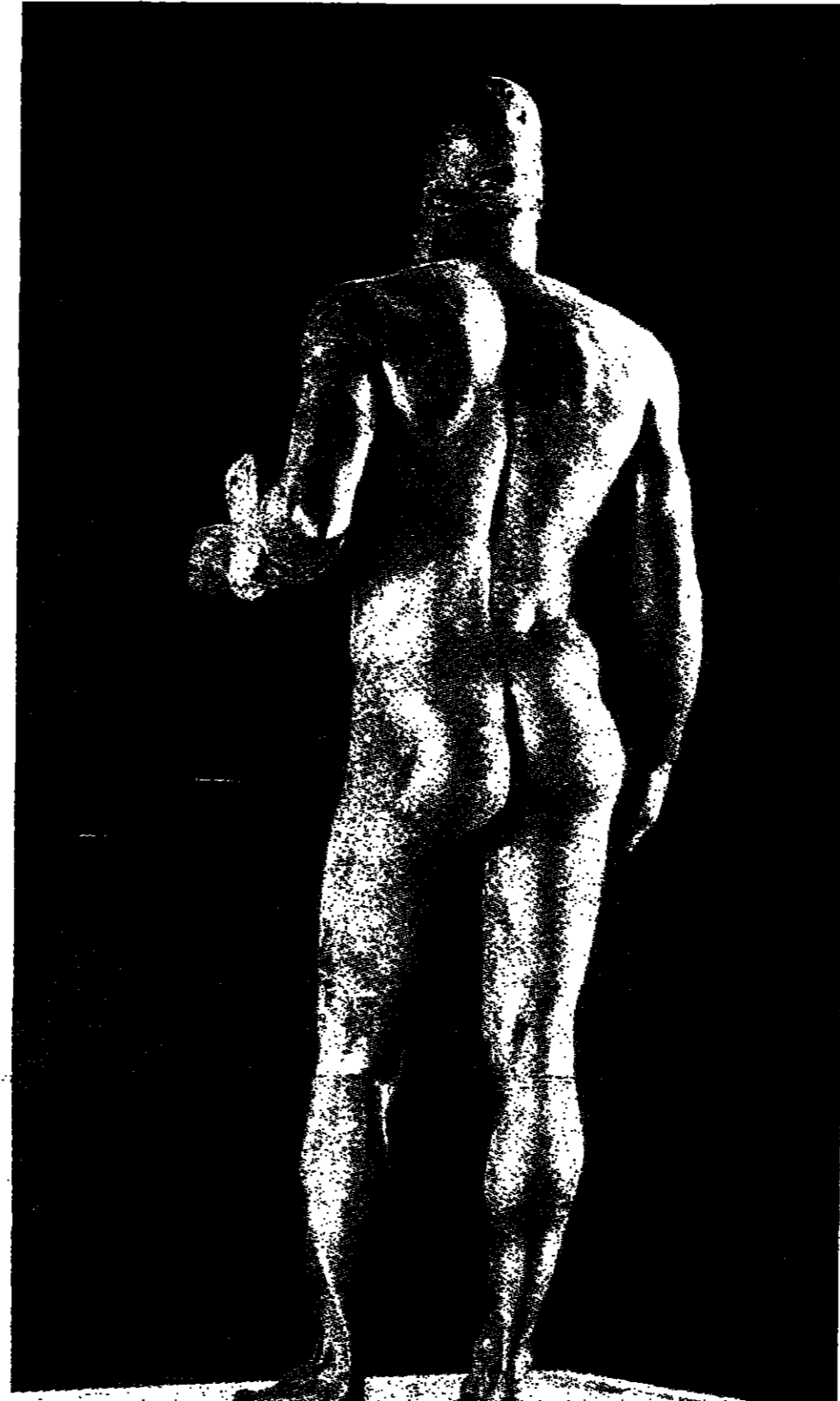
A second theory has them simply as heroic figures of the Greek classical period. This makes it easier to explain why the statues were to be found in the waters of the Ionian Sea far from mainland Greece. But were they being transported from Greece to Magna Graecia? Or were they already in Italy as part of war booty and being transported from one place to another?

Investigation at the time of discovery and subsequent searches has provided no positive sign of a ship-wreck. The statues could even have been dropped overboard during a storm. Furthermore the similarity between the two could have been an early example of the Romans' predilection for the antique trade, with a merchant anxious to show how it was possible to reproduce the likeness of a Greek hero.

The visual splendour of the statues, combined with their fascinatingly incomplete history, has placed the Riace Bronzes among the most important objects from antiquity in Italian museums. However, they remain very inaccessible. Legislation regulating Italy's cultural heritage stipulates that objects must be displayed in the region where they are found - regardless of their provenance. In the case of Riace, the nearest museum is at Reggio, which already had a good collection of Hellenistic and Roman objects. But Reggio sits on the toe of Italy, too far away and too expensive for the bulk of the Italian public and tourists to contemplate visiting. Of late fewer than 100,000 people have been going to see the bronzes each year.

Such contrasting attendances has led to pressure for the Riace Bronzes to be transferred to a more central location process, attendance last autumn on some months was down to a mere 4,000. This compares to the long queues when on display in Florence and the 16,000 a day during their brief sojourn in Rome.

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Grace, presence and sheer sensuality: one of the 2500-year-old Greek bronze statues which have just undergone a complex conservation treatment

Opera in Geneva/Andrew Clark
Mozart all at sea

Has Renée Auphan lost her touch? Her first Geneva season had to be put together quickly in some haste, but this hardly explains the *faux pas* of *L'Italiana in Algeri* last autumn and now *Die Entführung aus dem Serail*. Each fell victim to a misguided production idea and weak musical direction. What passed muster in Lausanne - where Auphan spent 11 years before moving to Geneva last summer - is not necessarily good enough for the international spotlight.

Dieter Kaegi's production of *Entführung* beggared belief. It was set aboard a 1960s luxury cruise liner, which had no more connection to Mozart's Turkish setting than Geneva does to Constantinople. The Pasha was a rich playboy, his "harem" consisted of male and female guests who divided their time between the ship's bar, the swimming pool and the promenade deck, where they approvingly watched the Pasha force his unwelcome attentions on Konstanze. A photographer snapped everyone as they boarded during the overture, and the "abduction" was attempted in a dinghy slung over the side. The libretto had been altered to suit this scenario, so it was never clear what Belmonte or

Blonde were doing on board. Balancing innovation with respect for the composer is never easy, but a few basic principles need to be followed. One is that updated settings must remain true to the situations of the original. Another is that the staging must cohere with the music. On both counts, the Geneva *Entführung* fell flat on its face. Mozart's music speaks eloquently of a clash of cultures - but apart from the rude sound of the ship's horn, the only culture-clash here was an anachronistic Osman in turban and baggy trousers. The libretto speaks of fidelity, tolerance and forgiveness - but this production spoke only of trivialities.

William Orlandi's expensive shipboard settings were calculated to create an "effect", and the Geneva audience duly applauded. But they swamped the poor singers, who might as well have been reciting "A Life on the Ocean Wave". As Konstanze Mariella Devia struggled in vain to throw off the image of a frigid frump - though she has the vocal equipment for the part. Bruce Ford's Belmonte was bland and poorly projected, and Günter Missenhardt's Osman has seen better days. None was helped by Dietfried Berner's stolid conducting.

Jazz/Garry Booth
Gurtu's secret weapon

Saxophonist Jan Garbarek plays Lap folk songs on one record and against Gregorian chants on another; pianist Bheki Mseleku owes as much to the South African township as he does 52nd Street; hypnotic hip-hop and reggae drum patterns are now the backbone of Courtney Pine's work. Is jazz becoming the miscellaneous tray of music? Or is the art of improvisation extended and enriched by the sound of didgeridoos and Gambian thumb pianos? Yes, in safe hands, it is.

The Indian percussionist Trilok Gurtu, who last week embarked on a European tour at the Festival Hall, takes "crossover" a stage further by making his exotic orchestra of percussion the focus of a small group. Where lesser percussionists might sound over-extended on stage, Gurtu leads through sheer exuberance and firepower. He squats on the floor surrounded by cymbals, gongs, shakers, rattles and sticks; a modified snare drum and high hat are used for conventional rhythm accompaniment.

The secret weapon is the tabla; Gurtu's first instrument, which he started on at the age of six. Billed as the Crazy Saints - Andy Emmer (piano), Dave Gilmore (electric guitar) and Chris Minh Doky (bass) - the quartet makes a sylvan form of jazz rock which is marked by sharp mood changes. While Gurtu rummages among the shells and husks which make up his shakers, heroic guitarist Gilmore works out a serpentine solo feature which verges on the heavy metal. By changing to snare and cymbal, Gurtu turns the group dynamic on a sixpence to colour a sonorous and sensitive double bass excursion from Minh Doky.

Absorbing though Gurtu's colouring is, blistering tabla work is what the people want. The 44-year-old squeeze an extraordinary range of sounds from the Indian classical drum. Even as the beats-per-second meter approaches the red line, Gurtu raises the percussive effect by simultaneously scating a clacking vocal counterpoint. Jazz rock fusion needs a new voice and Gurtu has got it.

INTERNATIONAL ARTS GUIDE

AMSTERDAM
CONCERT
Concertgebouw
Tel: 31-20-5730573
● Benjamin Schmid and Tanja Tetzlaff: the violinist and cellist perform works by Ravel, Ysaÿe, J.S. Bach and Kodaly; 8.15pm; Mar 13
OPERA
Het Muziektheater
Tel: 31-20-5518117
● L'Incoronazione di Poppea: by Monteverdi. Conducted by Christophe Rousset and performed by De Nederlandse Opera; Mar 12, 14, 17 (2.30pm)

BERLIN
CONCERT
Konzerthaus
Tel: 49-30-203092100/01
● Orchester der Deutschen Oper Berlin: with conductor Rafael Frühbeck de Burgos perform works by J.S. Bach, Mozart and Beethoven; 8pm; Mar 14
OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401

● Andrea Chénier: by Giordano. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin; 7.30pm; Mar 15

BONN
OPERA
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-9171200
● Giacomo: by Camé. Conducted by Carmen Carneci and performed by the Oper Bonn and the Orchester der Beethovenhalle Bonn; 8pm; Mar 14, 15, 16, 17

COPENHAGEN
DANCE
Det Kongelige Teater
Tel: 45-33 14 10 02
● Romeo and Juliet: a choreography by Frederick Ashton to music by Prokofiev, performed by the Royal Danish Ballet; 8pm; Mar 13, 16

GHENT
OPERA
De Vlaamse Opera
Tel: 32-9-2230681
● La Forza del Destino: by Verdi. Concert performance by De Vlaamse Opera, conducted by Daniel Lipton; Mar 12, 14

HANOVER
THEATRE
Niedersächsisches Schauspielhaus
Tel: 49-511-321133
● Death of a Salesman: by Arthur Miller (in German). Directed by K.D. Schmidt. The cast includes

Schorries, Simon, Rasch, Mahlberg, Baumgartner and Brandhuber; 7.30pm; Mar 12, 14

LONDON
CONCERT
Wigmore Hall
Tel: 44-171-9352141
● Ralph Kirschbaum: the cellist performs J.S. Bach's solo suites Nos. 2, 5 and 6; 7.30pm; Mar 13
DANCE
Royal Opera House - Covent Garden
Tel: 44-171-2129234
● The Royal Ballet perform the choreographies Rhapsody by Frederick Ashton to music by Rachmaninov and The Invitation by Kenneth MacMillan to music by Selber; new works by Ashley Page and Matthew Hart to music by Liszt and Britten; 7.30pm; Mar 13, 15
OPERA
London Coliseum
Tel: 44-171-8350111
● Don Pasquale: by Donizetti. Conducted by Maria Hegarty and performed by the English National Opera; 7.30pm; Mar 12, 14

LUXEMBOURG
CONCERT
Théâtre Municipal
Tel: 352-470895
● Orchestre Philharmonique du Luxembourg: with conductor Gerard Oskamp and pianist Howard Shelley perform Beethoven's Piano Concerto No. 4 in G, Op. 58 and Liszt's Faust Symphony; 8pm; Mar 14

MILAN
OPERA
Teatro alla Scala di Milano
Tel: 39-2-72003744
● Nabucco: by Verdi. Conducted

by Riccardo Muti and performed by the Teatro alla Scala. Soloists include Renato Bruson, Mariana Pentcheva and Carlo Colombara; 8pm; Mar 12, 14, 16

MUNICH
OPERA
Nationaltheater
Tel: 49-89-21851920
● Sere: by Handel. Conducted by Ivor Bolton and performed by the Bayerische Staatsoper. Soloists include Ann Murray, Kathleen Kuhlmann, Christoph Robson and Julie Kaufmann; 7pm; Mar 13

NEW YORK
CONCERT
Avery Fisher Hall
Tel: 1-212-875-5030
● New York Philharmonic: with conductor Leonard Slatkin and percussionist Evelyn Glennie perform works by R. Strauss, MacMillan, Chabrier, Satie and Ravel; 7.30pm; Mar 12
OPERA
Metropolitan Opera House
Tel: 1-212-362-6000
● La Forza del Destino: by Verdi. Conducted by James Levine and performed by the Metropolitan Opera. Soloists include Sharon Sweet, Plácido Domingo and Vladimir Chernov; 8pm; Mar 12, 16 (1.30pm)

PARIS
CONCERT
Salle Pleyel
Tel: 33-1 45 61 53 00
● Orchestre Philharmonique de Radio France: with conductor Stanislas Skrowaczewski and

clarinetist Sabine Meyer perform Mozart's Clarinet Concerto, Panufnik's Nocturne and Shostakovich's Symphony No. 10; 8pm; Mar 15
OPERA
Théâtre de l'Opéra Comique
Tel: 33-1 42 44 45 46
● Il Barbiere di Siviglia: by Rossini. Conducted by Stefano Ranzani and performed by the Opéra Comique and the Ensemble Orchestral de Paris; 7.30pm; Mar 13

SAN DIEGO
EXHIBITION
Museum of Photographic Arts
Tel: 1-619-239-7559
● For my best beloved Sister: Mia Margaret Cameron: more than 100 images from an album Cameron presented to her younger sister, Mia Jackson, in 1863. The first American showing of the album that features rare views of family life in 19th-century England; from Mar 13 to May 14

STOCKHOLM
OPERA
Kungliga Teatern - Royal Swedish Opera House
Tel: 46-8-7914300
● La Traviata: by Verdi. Conducted by Kjell Ingemar Brånen and performed by The Royal Opera Stockholm; noon; Mar 12

STRASBOURG
THEATRE
Théâtre National de Strasbourg
Tel: 33-88 52 17 63
● The Seagull: by Chekhov (in French). Directed by Alain Françon,

starring Dominique Valade, Clovis Cornillac, Jean-Pierre Dougnac and Valerie Deville; 8pm; from Mar 12 to Mar 16

STUTTIGART
OPERA
Staatstheater Stuttgart
Tel: 49-711-20320
● L'Italiana in Algeri: by Rossini. Conducted by Gabriele Ferro and performed by the Oper Stuttgart. Soloists include Roland Bracht, Gabriela Herrera, Etsuko Kanoh and Gustavo Gilbert; 7.30pm; Mar 13, 16 (8pm)

VALENCIA
CONCERT
Palau de la Música i Congressos
Tel: 34-6-3375020
● Vladimir Ashkenazy: the pianist performs works by Beethoven and Chopin; 8.15pm; Mar 13

WASHINGTON
CONCERT
Concert Hall
Tel: 1-202-467 4600
● National Symphony Orchestra: with conductor Hugh Wolff and violinist Cho-Liang Lin perform works by Stravinsky, Haydn, Bolcom and Beethoven; 7pm; Mar 12

OPERA
Opera House
Tel: 1-202-416-4800
● Così fan tutte: by Mozart. Conducted by Richard Brackshaw and performed by The Washington Opera. Soloists include Pamela Coburn, Jan Grissom, Dolora Ziegler, Richard Croft and Jerry Hadley; 8pm; Mar 12, 14, 16 (7pm)

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FT Business Morning
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European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets
17.30
Financial Times Business Tonight
Midnight
Financial Times Business Tonight

Michael Prowse • America

Economic uplift

An unexpected surge in employment has blown away fears of recession and increased Clinton's chances of re-election



There was a mood of stunned disbelief on Wall Street on Friday following the announcement that payroll employment had risen 705,000 in February - the largest monthly gain since the Reagan boom of the early 1980s. Economists were expecting a sizeable rebound following a sharp drop in January when activity was disrupted by blizzards. But an increase on this scale was not seen as remotely possible. The report crushed hopes of further cuts in short-term interest rates and prompted some of the most frantic bond and share selling since the 1987 mini-crash.

The White House reacted with undisguised glee. The drop in the jobless rate to 5.5 per cent, from 5.8 per cent in January, was yet another vindication of the Clinton administration's sagacious economic policies. While Republicans in New Hampshire were complaining of the economy's appalling weakness, it was actually creating jobs at a fabulous rate. Aides reminded the press that some 8.4m extra jobs had been created in the past four years - even more than Mr Bill Clinton had promised during his 1992 presidential campaign.

Market and political reactions were both overstated. One month's figures are never sufficient to establish a trend. Bond traders were talking on Friday of a "paradigm shift" - of a startling discontinuity in the economic data that required a complete rethinking of the business outlook. Hence the savage repricing of bonds and equities: share prices fell more than 3 per cent while long-dated Treasuries suffered their worst single-day setback since Iraq invaded Kuwait in August 1990.

The jobs figures did signal a shift in momentum, but they should not be regarded as inconsistent with other available data. Nor, probably, do they significantly alter the outlook for this year. The February data were distorted in several ways. The survey

occurred late in the month which usually results in an outsized increase. Analysts also noted that seasonal adjustments at this time of year are unreliable: jobs have seemed to surge in February in three of the past six years. Allowing for the loss of jobs in January, job gains have averaged about 220,000 during the past three months. That is somewhat above the average of 150,000 for last year, but not indicative of a surge in economic activity. The jobless rate has fallen to near the bottom of the 5.4 to 5.8 per cent range of the past 18 months, but not into uncharted territory. And weekly figures on claims for state unemployment insurance continue to run at a high level, suggesting the tightening of labour markets is fairly modest.

Other data paint a consistent picture of an improving, but not vibrant economy. Factory orders were up more than expected in December and January. Data on car and department store sales last month showed encouraging buoyancy. Consumer confidence rebounded smartly. All this suggests much of the weakness in January data reflected special factors such as the severe weather, two government shutdowns and

the after-effects of a long strike at Boeing, the aircraft maker. The economy was undoubtedly sluggish at the end of last year: economic growth in the fourth quarter dropped to an annual rate of only 0.9 per cent. But it seems that bond traders were wrong to fear the kind of softness that precedes recessions.

What many economists have overlooked is the degree of downward pressure exerted during most of last year by companies' efforts to reduce excessive inventories, or stocks of unsold goods. Companies were not destocking; they were simply increasing inventories at a progressively slower pace. But this slower rate of increase significantly depressed production and job growth. Recent data suggest the rate of stockbuilding may finally be stabilising and could begin to rise. The lifting of this downward pressure from inventories helps explain why employment rebounded so sharply.

Investors were right to assume that Friday's hope quashed any remaining hope of another cut in short-term interest rates at the Federal Reserve's policy meeting this month. But the talk in some quarters of the possibility of rate increases was premature.

The Fed is fighting inflation, not growth, and the wage and price outlook remains pretty encouraging.

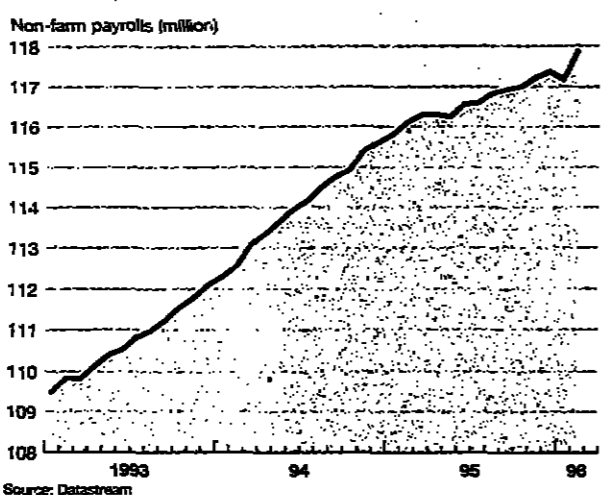
In February average hourly earnings declined fractionally in spite of the surge in hiring. Producer and consumer prices did rise more than expected in January. And on Friday Columbia University reported the first increase in 15 months in its leading indicator of inflation. But these blips are not thought to have alarmed the Fed. It believes the data, as a whole, still point to stable rather than rising inflation.

Far from being a source of alarm, the jobs figures suggest Mr Alan Greenspan, Fed chairman, has once again accurately judged the economy's pulse. In last month's monetary testimony to Congress, he upset bond traders by saying the economy was fundamentally sound. He predicted growth of 3 to 2.5 per cent this year. If you allow for a flatfirst first quarter, that implies a mild acceleration during the year to perhaps an annual rate of 2.5 to 2.75 per cent.

If the sharp increase in bond yields is sustained, or if long rates were to move towards 7 per cent, this forecast could prove too optimistic. Indeed some economists argue that the plunge in share and bond prices has raised the risk of recession later this year. But the best bet remains modest growth and stable inflation.

This is reassuring news for Mr Clinton. There is a simple economic law governing general elections. Incumbent presidents tend to win a second term provided they can count on the benefits of a solid business expansion. Presidents Carter and Bush could not, and they were tried out despite the formidable advantages of incumbency. Presidents Johnson, Nixon and Reagan could, and they swept triumphantly back into office. Although a business downturn is still conceivable later this year, the US economy now seems to be rooting for Mr Clinton.

US employment



Source: Datastream

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 0936 (please refer to "line"), e-mail: letters.editor@ft.com. Translation may be available for letters written in the main international languages.

Lack of cash for quality franchises

From Mr R.I. Riding.
Sir, Richard Gourlay in "A fraught relationship" (March 7) reports that there are not enough people interested in buying a franchise. However, the situation is not that people have lost interest in buying, or that franchising has in some way fallen out of favour.

More people than ever are aware that there is far less risk in going into business under the umbrella of a franchiser than in starting up alone. However, there are two forces at work. First, fewer people have capital tied up in the equity of their homes which can be released by remortgaging to finance the purchase of a franchise. Second is the question of the quality of affordable franchises.

The two are inseparably linked. With the market short on capital, franchisers offering the more substantial and, therefore, more attractive propositions at around £50,000 to £100,000 are finding it difficult to make headway, and companies which might have turned to franchising as franchisers have got the message and are keeping out of the market.

This has caused franchising to move down market with a surplus of low-cost franchises at prices to suit today's conditions. But the problem is that prospective franchisees are finding them less attractive and they are less inclined to buy. Hence, the shortage of buyers.

Regrettably, we may now have to wait until the return of something approaching the situation when franchisees had ample equity in their homes to support a purchase before people will again be able to afford the franchise of their choice.

R.I. Riding,
editor, Franchise World,
37 Nottingham Road,
London SW17 7EA, UK

The economist's role in fantasy and 'momentary fluctuations of affairs'

From Mr D.F. Eccles.
Sir, Barry Riley ("Vote now, we'll bill you later", March 2) 3), referring to the recent rise in bond yields, writes: "It is typical fantasy of politicians at Westminster to believe that juggling with monetary policy can transform the economy."

But they learnt this fantasy from economists: from the likes of Keynes and his disciples in the 1930s, who provided academic justification for what, after the war, became known as the "cheap money policy". Anybody who bought gilts at that time when the former economist Dr Dalton

was chancellor, now sees the nominal value of his investment less than half of what it was then, and in real terms was wiped out years ago.

Barry Riley writes: "The politicians are taking on obligations that they or their successor may not, in the long run, be able to honour." To which one is bound to reply "So what else is new?"

Adam Smith, more than 200 years ago, spoke of "That insidious and crafty animal, vulgarly called a statesman or politician, whose councils are directed by the momentary fluctuations of affairs". If he

were writing today he might well be adding "in accordance with advice from the country's leading economists".

I believe that during the American depression of the early 1930s somebody said "If all the economists in Washington were laid end to end... the best thing we could do would be to leave them like that".

D.F. Eccles,
Urbanización Triunfo,
Conjunto Villa del Mar 46,
Apartado de Correos 4,
Torre del Mar,
Malaga, Spain

UK government abandoned oil rights

From Dr Ian Rutledge and Dr Phillip Wright.
Sir, We note that Wood Mackenzie ("North Sea oil output expected to rise by 5 per cent to record", March 8) considers one of the factors contributing to the UK's record oil output is "an attractive and stable fiscal regime".

Attractive indeed, since for fields given development permission after 1993, the absence of any royalty or taxation other than corporation tax means that the oil companies pay absolutely nothing for the oil other than a

virtually token licence fee.

The Petroleum (Production) Act of 1984 and UK Continental Shelf Act of 1984, effectively established that the British people have collective property rights in onshore and offshore oil resources. This was originally reflected in the charging of royalty and petroleum revenue taxes for the use of these resources.

Abolition of these charges in 1983 and 1993, respectively, has meant the government, in every material sense, abandoned these property rights.

Whether this is a "stable" taxation regime, we shall have to see. However, the recent report by Petroconsultants (Annual Review of Petroleum Fiscal Regimes 1995) clearly thought otherwise. They apparently took the view that no sensible government would actually continue to give its natural resources away.

Ian Rutledge,
Phillip Wright,
energy studies programme,
University of Sheffield,
11 Abercrombie Street,
Chesterfield S41 7LW, UK

Antipersonnel mines: the buck stops nowhere

From Mr Tony Cunningham MEP.
Sir, I wholeheartedly agree with Hugh Dickinson's article "Truth of the matter" (March 2/3) lamenting the new levels of irresponsibility reached by the UK government over arms sales to Iraq. I am currently deeply involved in the international campaign to ban antipersonnel landmines, which are murderous weapons which kill or maim someone, somewhere in the world every 15 seconds. As one would expect, there is worldwide condemnation of their production, trade and

use. I wrote a resolution which was passed in the European parliament almost unanimously last June calling for an outright ban on APs and destruction of stockpiles.

But, as in the arms-to-Iraq affair, it is impossible to find anyone to admit responsibility for APs. The buck stops nowhere, it just keeps going round and round. Aware of public outrage at these murderous weapons, yet determined not to upset their domestic arms traders, the UK government only defines antipersonnel mines as

something the UK does not produce, although it produces (and exports) other devices (landmines by any other name) also capable of blowing legs off little boys. Frankly, it will be no consolation to a little boy who has just had his leg blown off that the UK government deemed that it was a device not an antipersonnel mine.

Tony Cunningham,
Labour spokesman on
development issues,
European Parliament,
97 rue Belliard,
1049 Brussels, Belgium

Personal View • Geoffrey Howe

No longer part of the convoy

This week's white paper may offer the UK its last chance of averting isolation in Europe



Lord Howe: Britain the slowest ship and all but at anchor

The UK government will this week publish a white paper setting out its views on the European Union's inter-governmental conference (IGC) which begins in Turin later this month. The first comprehensive statement of UK policy towards Europe for over 18 months, it comes exactly five years after John Major said in Bonn that he wanted Britain to be "where we belong - at the very heart of Europe, working with our partners in building the future". Every one of his predecessors, from Harold Macmillan to Margaret Thatcher, had proclaimed the same objective at one time or another - though none quite so eloquently.

Things look rather different today. In a Europe that is much less starry-eyed than five years ago, Britain's approach to the conference has been hedged in by a series of negative commitments. They include objection in principle to any increase in qualified majority voting in the Council of Ministers, opposition to enhanced powers for the European Parliament, resistance to strengthening the role of Brussels in the inter-governmental pillars for foreign policy and home affairs, and rejection of any merger of the EU and the Western European Union in defence. Britain has, in short, turned down every one of the key reform proposals of the German government - and remains outside the social chapter and aloof from monetary union.

There has been a handful of slightly more positive proposals - for example, strengthening subsidiarity by devolving more to member states, and increasing openness in EU decision-making. But these have done little to offset the overall impression of Britain not just as the slowest ship in the convoy but as one that is all but at anchor.

Reinforcing these detailed positions has been an all-too-often strident rhetoric of national independence and opposition to closer integration

per se. The argument in favour of maximising Britain's influence by common action with friends is rarely put. The positive reality of sovereignty-sharing in Europe is never proclaimed, seldom even admitted.

This approach has been anything but cost free. At the most basic, it has engendered the view in European capitals that it will be difficult, if not impossible, to do serious business with the UK this side of the general election. More important, the absolutism of the UK position has clouded and weakened the legitimacy of many of the claims London is making.

Most serious, the continental agenda has been moving on to find ways of outmanoeuvring Britain. The Germans, in particular, have concluded that agreement among all 15 states to deepen the EU will be extremely difficult. Bonn is now thinking explicitly in terms of creating a two-speed Europe, with those unwilling or unable to go further and faster excluded from the top table.

It has already secured the agreement of Paris to this approach, first unveiled in the small print of a Kohl-Chirac communiqué before Christmas. At Baden-Baden in December, the French and German leaders agreed that the treaties should be amended to include "a clause of general character, allowing states which are able and willing to develop among themselves reinforced co-operation" within the Union.

This initiative is a radical departure from the previous orthodoxy of resisting opt-outs for both countries - as it is for the Commission which backed

it two weeks ago (as Jan Davidson argued on these pages last week). To compound this, the French negotiating position on the intergovernmental conference, leaked to the press, reveals that Paris wants conventions in the home affairs pillar of the Union to come into effect even if signed by fewer than 15 states. The current UK veto on the European Court of Justice adjudicating in home affairs, for example, would thus be evaded.

Equally, the French and German foreign ministers agreed two weeks ago to recommend that in foreign policy "constructive abstention" should largely replace the veto. Countries opposing an initiative could simply not be bound by it. Whatever the merits of such an approach - I believe the big five EU states should retain the veto in foreign policy, in return for only the smaller states being exempted from an obligation to follow joint policy - it does mark an important new development.

The leitmotif of the 1996 conference looks unlikely to be the conversion of the EU into a federal European state, as Bonn originally wanted and London so feared. Rather it will focus on developing a made-to-measure core Europe for a few ambitious states moving forward on their terms.

The British government thus risks finding itself hoisted on its own petard. A "multi-speed, multi-track, multi-layered" Europe was, after all, John Major's European vision. The UK can hardly object if others pick up the idea and run with it as their own. Nor can Lon-

don realistically insist that us of any "further and faster clause" would require a safety catch of unanimity among 15 every time it is used.

Britain has succeeded in Europe in the past by going just fast enough for others not to change the rules of the game. At the intergovernmental conferences which led to the Single European Act and the Maastricht treaty, the UK took care to avoid boxing itself into a non-negotiable position. Even now it should be possible to re-establish that pragmatic approach. The more positive note struck by Malcolm Rifkind, the foreign secretary, in last week's Paris speech might just signal a welcome recognition of the need to do so.

To say that core areas must remain subject to unanimous decision-making need not mean there can be no increase in majority voting as a matter of principle. Likewise, building a more open and democratic Union will involve finding new powers for national parliaments - in co-operation with the European Parliament rather than pretending it existing institutions need little change. France is not the on country that could be ready to back compromise along the lines, particularly if coupled with a more dominant foreign policy role for the larger state.

Multi-speed Europe would mean to lead to a variegated pattern of intergovernmental co-operation, involving different states in different ways. The risk always was that would offer a route to a closer union of small group of states. It building blocks are being put in place for just such an inner core Europe, from which Britain will be invited to exclude itself. The isolation which the UK has avoided so long could thus become its general pattern of its European relations.

Such a development might be hailed by some as a triumph for British diplomacy. In fact it would be a national defeat, significant proportions. The week's white paper offers perhaps the last chance of averting that risk. The British government must recognise the importance of this opportunity before it is too late.

Lord Howe was UK chancellor 1979-83, foreign secretary 1983-88, and deputy prime minister 1989-90



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COMMENT & ANALYSIS

FT Interview • Bob Wright

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Monday March 11 1996

Euro-bids and mergers

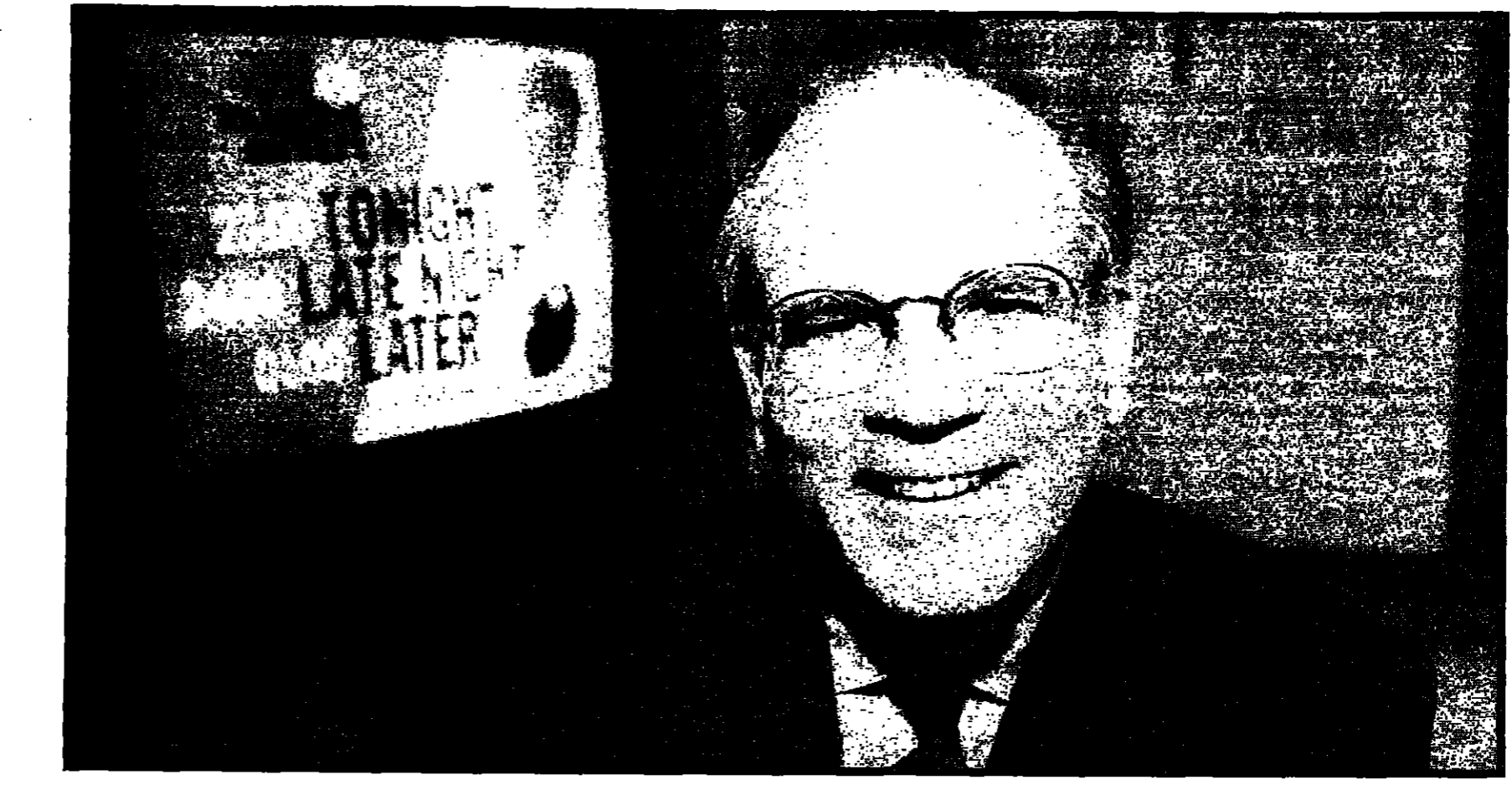
Mergers and acquisitions are widely regarded as an Anglo-Saxon habit. Last week's announcement that the Swiss pharmaceutical groups Sandoz and Ciba were to merge serves as a reminder that it is chiefly the volume and hostility of what happens in the English-speaking markets for corporate control that makes them different. Ciba itself was, after all, the product of a merger. The interesting question is whether continental Europe is about to see a much enhanced degree of merger activity. Such a development would be in the interests of the economies concerned. Admittedly there is evidence to suggest that surprisingly few mergers and acquisitions in Britain and the US have added value. Yet the supporting data come from a period in which ill-conceived conglomerate activity was rife and British companies in particular thought that it would be easier to confront international competition by amalgamating with other - usually not very strong - domestic companies. In contrast, the striking feature of the current increasingly frenetic wave of mergers and acquisitions is how many of them are driven by sound business logic. In a disinflationary world, they provide a means of increasing profits through cost-cutting, when consumer resistance in product markets makes it harder to generate increased revenue. That certainly provides part of the logic of the Ciba-Sandoz merger, as it did with the earlier bid by Glaxo for Wellcome. The recent activity among utilities, where pricing is constrained by regulation, has been similarly inspired. Takeovers are also an effective way of dealing with overcapacity in mature industries undergoing deregulation - witness the rationalisation of US commercial banking through bids and deals. It follows that the capital markets were not necessarily going over the top in putting an additional value on Sandoz and Ciba equivalent to nearly £10bn following the merger announcement. With a commitment to nearly £1bn of cost cuts, the enlarged group will clearly be more profitable. There is some academic evidence that domestic mergers between companies of broadly comparable size work better than more disparate ones. Since the merger will be effected by a pooling of interests, it will involve no damage to the balance sheet resulting from a costly premium for control. Yet to assume that this logic will prove compelling across the whole of continental Europe would be unwise. Corporate governance in most countries imposes little pressure for such change. Employment protection legislation is often such that redundancies, far from cutting costs, would actually prove prohibitively expensive in home markets. Above all, the concept of shareholder value commands only tentative adherence in continental Europe. There will be takeovers and mergers, but no takeover boom.

Taiwan tension

China's missile tests off Taiwan are dangerous because of the tension they have sparked. They are also crass because they could scarcely be better designed to drive Taiwan's voters into support of formal independence. That is the opposite of what China wants. The outside world cannot sit idly by, but its reaction must be measured. The tests are far too close to Taiwan. But they are in international waters. There has been no accident involving damage or loss of life. To encourage Taiwan in its drive for international recognition would inflame an already volatile situation. Yet to leave Taiwan to China's mercy just when it has completed the process of democratisation would be a shocking signal of indifference. The danger lies with escalation. Beijing must be left in no doubt that the consequences would be grave. In the event of an attack, Taiwan would receive the West's strongest support. There would be no need for direct Western military intervention. But the US and its allies should show support now by accelerating the delivery of defensive equipment. China should understand that even escalation short of an attack such as a blockade would bring economic and diplomatic isolation. Western diplomacy should also aim at persuading the two sides to talk. China will never win Taiwan over to unification if it remains unfriendly. A democracy with a per capita average income of \$12,000 will not fall willingly into the arms of a dictatorship with a per capita average income of \$600. Beijing has to recognise that to achieve unification in the long term, the starting point must be better relations now. For that, China will have to deal with Mr Lee Teng-hui whose presidential mandate is likely to be confirmed in the looming election. Mr Lee is formally in favour of eventual unification. He is expected to seek fresh contact with China after the poll. The West should encourage Beijing to respond positively. The outlines of a deal are discernible. Taiwan might reaffirm its long-term aim of unification and drop its campaign for a seat in the UN. In return China might agree to abandon military pressure, to open direct shipping links and permit representation for Taiwan in some international bodies such as the World Trade Organisation. With a strong popular mandate Mr Lee should be able to sell such a deal at home. How the ageing Chinese generals who appear to determine policy on Taiwan would react is another matter. Clearly aghast at the prospect of Taiwan's elections being seen by millions of disenfranchised Chinese on satellite television, they seem bent on aggression. They should consider the merits of a conciliatory approach. The world will be more dangerous if they do not.

PFI, not bad?

Mr Michael Jack, minister responsible for the UK government's Private Finance Initiative (PFI), cracked rather a good joke last week, given his subject matter. The PFI, he said, would put an end to the "B-A-D old days", by which he meant the days of Build and Disappear. He put his finger on one of the virtues of PFI, the government's policy for boosting the private sector's role in public sector investment. The PFI unites responsibility for construction and operation - be it a road, prison or hospital - to the provider of the associated service, and therefore bears the risk of ensuring that assets are available on time and that they remain serviceable. The challenges for the public sector is to weigh the resulting quality and efficiency gains against the higher cost of capital charged by the private sector. It can then decide, case by case, which option offers best value to the taxpayer. So much for the theory. It is the PFI in progress at a small's pace in most spheres. So far its main impact has been to delay state investment. Only by changing the fast rail link to the Channel tunnel does projected investment under the PFI appear respectable. Yet the fast link took more than five years to agree, and is a class of its own. More illing is the virtual absence of PFI



Tuned to a vision of the future

The NBC president tells Raymond Snoddy about his plans for business television and his hopes for the Internet

The battle for the European business television audience intensifies today with the launch of CNBC Europe, a round-the-clock business cable and satellite channel, in the face of tough competition. The new channel, broadcast from the Astra satellite system, will include six hours a day of European business news provided by FTTV, part of Pearson, publishers of the Financial Times, at least six hours of US business coverage from the American CNBC channel and 14 hours of live coverage from the CNBC channel in Asia launched a year ago. "That's more than 24 hours, so something will have to get left out," says Mr Bob Wright, president of NBC, the US network that owns CNBC, who has been responsible for overseeing the international expansion of the broadcasting group. In Europe, CNBC will face tough competition from European Business News, the 24-hour TV business news service launched by Dow Jones and Flextech, the media group, 13 months ago. EBN is on the Eutelsat satellite 24 hours a day and an early morning segment is part of the Sky multi-channels package. On Friday EBN, which is available on cable networks in the UK, announced that it had obtained access to the cable networks of Hesse and Hamburg, including Frankfurt. There are no detailed viewing statistics so far although EBN is available in 12m homes across Europe. "It's a crowded marketplace out there for news and CNBC is not going to find it particularly easy," Mr Michael Connor, EBN managing director, said yesterday. The big unknown is how large a potential audience there is; no-one knows at this stage whether there is a market for business TV in Europe. Some answers are expected next month with the results of a pan-European survey of the viewing habits of high earners in Europe.

The launch of the NBC business channel in Europe is the latest move by a company that was in the doldrums four years ago. Although it controlled one of the three main US networks, it was suffering from poor ratings and weak advertising revenues. General Electric, the diversified engineering group which owns it, was considering selling out. But talks with Walt Disney foundered on price while those with Time Warner collapsed because the US group's film production arm did not want to be limited to distribution through a single channel. But with renewed GE backing, NBC has fought its way back to the top of the US television ratings. It has made a successful \$2.3bn (£1.5bn) pre-emptive strike to secure the American television rights to all Olympic Games to 2008. And it has created a venture with Microsoft, the computer software group, for a new type of communications network. NBC's commitment to building up a new television genre - business news - goes back nine years. The CNBC service is available in more than 60m homes in the US through cable and has an audience share of 0.4 per cent during the day and 1.4 per cent in prime time. But it is at the workplace - largely ignored by conventional ratings - that CNBC has scored its greatest success. "It was the service of choice in the workplace, especially any business that had a financial services component," says Mr Wright. "It has become a fixture on trading floors and especially on the equity side of the business. You cannot find a place where it isn't on." The NBC president concedes it

will be much more difficult to establish the channel in Europe. It would, however, have been foolish, he believes, to concentrate entirely on the US in an age of growing global markets. "You need to have as good a coverage of the Asian and European markets to keep the service credible," he says. Business news will also remain on NBC Super Channel, the group's existing satellite channel which carries a mixture of business and entertainment, for the foreseeable future - to give it the widest possible distribution. But Mr Wright says the eventual aim is to turn Super Channel into a general entertainment channel in the NBC mould with regular news updates. To maintain its premier position in the US market, NBC has the summer and winter Olympics for the next 12 years. Expensive though the commitment was, it gives the network stability and certainty over what Mr Wright describes as "the world's premier sporting entertainment event".

It also offered the International Olympic Committee stability of financing and access to maximum audiences in a growing age of pay television. "What they wanted desperately is to have the bulk of the Olympic Games available for free and available to everybody. We gave them a way to guarantee that," says Mr Wright. The link with Microsoft is an attempt to establish whether there is a market for new forms of television on the Internet. It grew out of Microsoft distributing 15 CD-Roms every year based on NBC pro-

grammes about subjects such as financial planning for retirement. The computer company wanted to licence NBC news material so that subscribers to the Microsoft Network service could get access to it through the Internet. Instead, the two organisations came up with the idea of a joint venture involving two closely linked channels, one on cable and the other on the Internet. Microsoft agreed to invest \$220m for a 50 per cent stake in NBC's existing cable channel, America's Talking - a topical television version of talk radio. "We agreed to take that service, reconfigure it and make it as interactive as any television channel can be," says Mr Wright. Throughout the service there will be regular alerts to draw viewers' attention to stories that will be dealt with in depth on Microsoft Network. Those who log on will get details of the main features running on the cable channel. The slowness of the Internet means that there will only be still pictures at first, but the two companies have ambitious plans once high speed modems are available and cable systems upgraded. "We will transmit full motion video on the interactive service," says Mr Wright. At the moment NBC is looking for a new site near New York for the staff on the two complementary channels which will be launched to coincide with the Atlanta Olympics in July. He wants the building to accommodate the staff of both channels on a single floor. The hope is that information can flow from one channel to the other, improving the quality of Microsoft Network and vice versa. "We have a premier position in the business both from an economic standpoint and a viewer standpoint. But it's a fragile position. It's ours to hold that position or lose it," Mr Wright insists.

OBSERVER

Budgeting for results

When bankers visit the world's finance ministers in search of business they face a problem. What sort of memo to them do they leave behind which will make sure they are remembered with affection? Some like to leave paperweights advertising their bank's tombstones. Others prefer pennants, plaques or something silver such as a small case for visiting cards. However, from Canada comes news of a present which any finance minister worth his salt would die for - a "perception analyser". Just ask Canada's Paul Martin, who got a bunch of these gizmos to use during his budget speech in Ottawa last week. As he was speaking in the House of Commons, Senate-style strategy, a local lobbying and polling outfit, tracked the response of English and French-speaking focus groups in Toronto and Montreal. Each participant had a "perception analyser" - basically, a dial calibrated with numbers from 1 to 100, linked to a central computer. When Martin made a point, that the focus group approved of, they recorded a score above 50 - how far above depending on how much they approved. Hints of wasteful spending or cuts to favoured government programmes scored

Bottleneck

Every country suffers from bottlenecks. But Russia suffers more than most, judging by an item in Focus, a German weekly. It reports that 900,000 bottles of Russian vodka found their way into Germany in the first 10 months of last year. By contrast German distillers exported 15m bottles of vodka to Russia. Burkhard Baecker, chief executive of Berlin's Schilkin distillery, thinks he knows the reason. The Russians are short of bottles.

The K factor

Deutsche Morgan Grenfell and Morgan Stanley are running neck and neck in the race to launch Wall Street's first country-specific index fund. DMG thought up the idea first, and filed an application with the US Securities and Exchange Commission two years ago. But Morgan Stanley quickly followed

Viewing fare

Taxi meters around the world are not always reliable, but those in Algeria have recently proved so popular that they are being stolen, to the cables' annoyance. The reason: thirty Algerians have discovered that, if attached to television sets, the electronic meters will unscramble the popular French pay TV channel, Canal Plus. There is a downside: a taxi fare appears on the screen along with the pirated picture. Presumably viewers don't mind a rumming reminder of how much money they are saving, and the meterless cabbies can always go back to the traditional way of calculating a fare - thinking of a number and doubling it.

100 years ago

Wealth in Australia If they are not rich in the Antipodes, they certainly ought to be, for according to Mr Howard Haywood, the value of the gold discovered in Australia up to the end of 1894 was £317,337,269 - a total that must have been considerably added to last year. In addition to this enormous output of the yellow metal, the Colonies are blessed in the possession of the "Golden fleece": for, according to the same authority, wool to the value of 17½ millions sterling was obtained in 1894 from the 82 millions of sheep in the country. And yet the Australians are not happy.

50 years ago

Shortage of nitrogen It is a far cry from the International Nitrogen Cartel of the years between the wars, a cartel formed because of excessive world capacity. Yet the shortage of nitrogen has come. It is one of the reasons, too, for the food scarcity, since, apart from the weather, the poor European crops are the result of the lack of fertilisers. That lack will be felt during the current year's crops. Coal shortage is a factor limiting nitrogen production in some countries. In Italy, for example, hydro-electric power, which was formerly used for nitrogen production, has had to be diverted to other purposes.

New exercises will affect flights and shipping US warns China against war games near Taiwan

By Laura Tyson in Taipei and Tony Walker in Beijing The US yesterday began moving an aircraft carrier taskforce closer to Taiwan as Washington warned China against further "risky" acts against the island.

flights and shipping routes. The naval and air exercises - using live ammunition - are to be conducted in the South and East China seas between March 13 and March 20. The area appeared to cover the southern entrance of the Taiwan Strait.

during the exercises, it will be the responsibility of communist China," the administration said. The exercises will be held in an area covering 17,000 sq km off the south-east Chinese coastal provinces of Fujian and Guangdong.

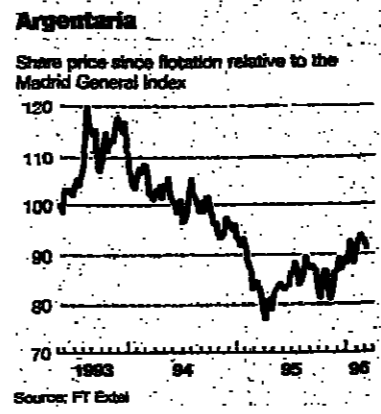
Hamas to resume bombing campaign in Israel

By Julian Ozanne in Jerusalem The extremist Hamas Islamic movement responsible for a wave of suicide bombings in Israel, said at the weekend it was withdrawing its offer of a ceasefire and would resume attacks.

Its warning came as world leaders prepared for an international summit in Egypt on Wednesday, to be chaired by US president Bill Clinton and Egyptian President Hosni Mubarak.

THE LEX COLUMN Wall Street blues

European stock markets cannot be immune from Friday's bloodbath on Wall Street. But the fallout in Europe, including Britain, should be less extreme. For one thing, the sharp divergence between bond and equity markets in the US has not been followed to anything like the same extent in Europe.



Argentina Share price since flotation relative to the Madrid General Index

Pharmaceuticals When Ciba and Sandoz announced that their merger would produce annual savings of \$1.5bn - \$1.1bn after tax - investors added \$15bn to their combined market capitalisation, effectively applying a multiple of 13.

Argentina offering has plenty to tempt investors. Argentina has disappointed in the past, but earnings are now low and the stock is cheap.

Market fears UK diesel engines group targets world luxury car market

the market's fall as an opportunity to buy. They have been pouring record amounts of money into the stock market. Mr Eric Miller, chief investment officer at Donaldson Lufkin & Jenrette, said: "The key to this week will be if the bond market regains its footing."

Perkins, the UK-based diesel engines manufacturer, is seeking to supply the world executive and luxury car market. The group, owned by the Varty Corporation of the US, is working on a collaborative project under which it plans to bring together several car manufacturers as customers for 2.5 litre-plus, high-performance diesel engines.

China's latest exercises will cause diversions in important ships plying routes between Hong Kong and Shanghai will also be forced to divert from their normal path to avoid the exercise area. "If any consequences arise

Syria refused to say whether it would attend the summit but said a better way to tackle the crisis would be to reconvene the Arab-Israeli conference. This launched the Middle East peace process, but it went into recess shortly after it opened in Madrid in October 1991.

Iran, which has not been invited to the meeting, said it supported the actions of Palestinians. Libya said Israeli "Zionists" and Americans were the greatest terrorist force.

But timing the offering to coincide with Spanish elections was still a gamble. However Spain's new government stacks up, it is unlikely to veer far from the economic programme of the ousted Socialists.

Political uncertainty is bound to deter some investors, particularly in the US. But recent market weakness is likely to be compounded by Friday's fallout on Wall Street - means investors which can cope with the uncertainty will be getting an even cheaper deal.

South Africa Johannesburg's stock exchange, which began screen trading on Friday, is fast opening up to the world. For the foreign investors South Africa badly needs, Johannesburg's Big Bang is good news.

Allowing brokers to trade on their own account should help a little. But the root of the problem remains: too many shares are locked up in big

Commerzbank

every year to cover unexpected tax liabilities and said such reserves would be more than enough to cover any extra demands which might emerge from the negotiations with the tax inspectors. In 1994 the bank set aside DM585m to cover the possibility of additional tax liability.

Perkins is relatively little-known for involvement with mainstream car engine development and manufacturing. The main car engine project, with which it has been publicly identified is the Prima diesel used by Rover Group in its former Montego and Maestro models.

Behind the scenes, however, it is much more closely involved on a collaborative basis, but under confidentiality clauses. Embarrassingly for Perkins, its collaboration on engine development with Renault accidentally became public last year when one of Renault's Safrane executive cars fitted with a prototype engine was stolen with its trailer in the UK.

Mr Arafat welcomed the summit but complained that Israel's blockade was strangling Palestinians. Israel yesterday said it would grant work permits to another 16,500 migrant workers to replace Palestinians from the West Bank and Gaza Strip.

Argentinia

Although banks are not the easiest privatisation candidates, the latest

FT WEATHER GUIDE Europe today A frontal system will bring cloud and rain to Ireland and Scotland, but England will remain dry with widespread sunshine in the south-east. Five-day forecast Cold air over Poland will move further west, bringing low temperatures across western Europe.

ROLLS-ROYCE ROLLS-ROYCE INCREASES PROFITS Rolls-Royce announced an increase in profits to £175m for 1995 (\$101m 1994). The company also has a strong order book standing at £6.2bn. \$100M WORTH OF ORDERS FOR COOPER ROLLS Nine Cobex gas turbine packages for gas compression and power generation have been ordered for installation in Slovakia, Russia, Pakistan, Italy and Malaysia.

Chiney annuals by 8 AMSUN Shar HE N

YOUNG WORKING TOWN SEEKS LIVELY INTELLIGENT COMPANY. Telford.

FINANCIAL TIMES COMPANIES & MARKETS

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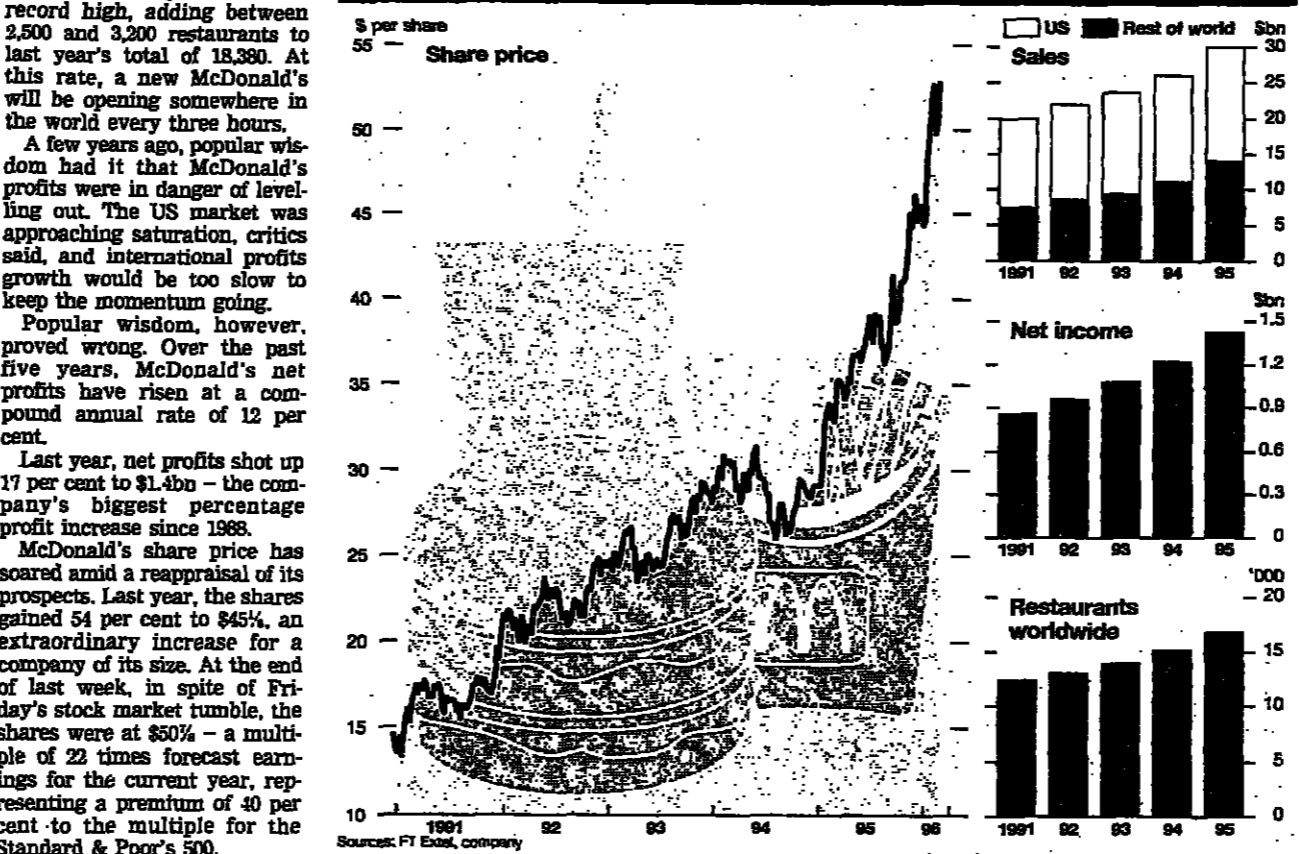
Pechiney to cut annual costs by 8%

By Kenneth Gooding, Mining Correspondent. Pechiney, the French aluminium and packaging group privatised last year, is planning to cut annual costs by at least FF1.5bn (\$297m), or 8 per cent, by 1998 and is expecting to implement substantial workforce reductions.

Burger chain's continued growth confounds critics, writes Richard Tomkins

McDonald's makes sceptics eat their words

Feeding frenzy



McDonald's, the world's biggest fast food chain, has sold well over 100bn burgers since Mr Raymond Croc opened his first restaurant in 1955. Surely by now the world has had as many Big Macs as it can take? Apparently not. This year, McDonald's plans to accelerate its rate of expansion to a record high, adding between 2,500 and 3,200 restaurants to last year's total of 18,380.

INSIDE

C&W/BT

Merger talks between UK telecommunications groups Cable and Wireless and British Telecom have collapsed following a disagreement over value. BT is understood to have approached C&W following merger proposals following the boardroom upheaval late last year which saw the departure of C&W's chairman and chief executive. Page 18

Incentive

Incentive, part of the Wallenberg empire, is set to follow its takeover of Gambio, the Swedish medical technology group, with disposals as it remodels its clutch of industrial holdings. Page 19

Fund Management

Because Orange, the UK mobile phone company, will almost certainly be included in the FT-SE 100, any fund manager committed to matching this index will have to own Orange shares. The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public. Page 21

City People

Can Sir Terence Conran, the man behind glibby West End restaurants such as Quaglinos and Mezzo, persuade City of London workers to stay in the Square Mile after dark? When the Great Eastern Hotel reopens in 1998, there will be three Conran eateries to choose from, including a glamorous 300-seater. Page 21

Global Investor

Gerard Baker argues that the real threat to stability continues to lie with the Japanese recovery. For months the barely whispered fear in global markets has been of a re-run of 1994, with the Bank of Japan taking the place of the Federal Reserve as bogeyman. Page 22



Jean-Paul Rodier: steered the group through privatisation

Fokker unit removed from court protection

By Ronald van de Krol in Amsterdam and Michael Skapinker in London. One of three subsidiaries of Fokker has been removed from court-ordered protection from creditors in an attempt to create a vehicle for reviving the Dutch aircraft maker in a slimmed-down form.

Table with 3 columns: Company Name, Rank, and Value. Includes companies like Argentario, BET, BT, Brahma, Broken Hill Prop., Cable and Wireless, Colovision, Commerzbank, Credit Lyonnais, Dowry Aerospace, Ecom, Fokker, General Electric, Hill Samuel, Incentive, Kawassid Steel, Kobe Steel, Loyds TSB, McDonald's, Nests, Nippon Steel, Pechiney, Parkins, Pillar Property, Promode, Renault, Rolle-Royce, Sandvik, Santhomo Metal Inds, TI, Thyssen, Usiminas.

Liffe considers contract changes in run-up to Emu

By Samar Iskandar in London. The London International Financial Futures and Options Exchange (Liffe) is considering a modification of its short-term money-market contracts as part of its preparations for European Monetary Union.

SAMSUNG, SIEMENS & FUJITSU Share something special THE NORTH OF ENGLAND. Includes contact information for Tokyo, Seoul, Chicago, and Newcastle upon Tyne.

COMPANIES AND FINANCE

Valuation seems to have been the stumbling block in the second set of merger talks
C&W board spurns BT's approaches

By Peggy Hollinger

Merger talks between telecommunications giants Cable and Wireless and British Telecom have collapsed following a disagreement over value. British Telecom is understood to have approached Cable and Wireless with merger proposals following the boardroom upheaval in November which saw the abrupt departure of its chairman, Lord Young of Graffham, and chief executive, Mr James Ross.

It is at least the second time

that BT has unsuccessfully sought to join forces with the cable communications company. The first approach, made in the middle of last year, is understood to have failed due to the complex regulatory problems surrounding any merger.

Neither BT nor C&W would comment on details of the discussions yesterday. C&W would only say that it had received an approach late last year. "After carefully evaluating the proposal, the C&W board rejected it as not being in the best interests of our cus-

tomers, shareholders and partners," it said. C&W added that the discussions were not expected to resume.

It is understood that C&W's board spent several weeks evaluating proposals from BT before rejecting the approach, made to the non-executive chairman Mr Brian Smith.

The cable company is thought to have felt that BT was attributing too low a value to its businesses, which on Friday's close were valued at about £10bn. BT was more than double at £23bn.

The board is also thought to

have felt that the company's many partners worldwide would have objected to elements of the merger proposals. Much of C&W's global business is based on telecom licence agreements and joint ventures with governments.

BT has reportedly been keen for a link with C&W for some time. It is understood to be particularly attracted by C&W's 57.8 per cent stake in Hong Kong Telecom, which is responsible for a significant proportion of C&W's profit.

Meanwhile, C&W is expected to announce a new chief execu-

tive within the next three weeks. The group is understood to have a shortlist of seven candidates from within the telecoms industry, five of whom are American. The other two are believed to be from continental Europe.

Mr Smith, who was temporarily recalled to head C&W following the departures of Lord Young and Mr Ross, is now expected to remain in his post for the time being. Under the company's articles of association either the chairman or chief executive must be a British citizen.

Dowty's £90m orders give TI further boost

By Tim Burt

Dowty Aerospace, the aircraft components subsidiary of TI Group, is today expected to announce that it has won new business worth almost £90m following the recent spate of airline orders.

Mr Tony Edwards, Dowty's chief executive, said the group has been asked to supply an additional £90m of hydraulics and actuation equipment to Boeing following an order earlier this year for 102 Boeing 737 airliners by GE Capital Aviation Services, the US aircraft leasing company.

Dowty's landing gear joint venture with Messier of France has also secured a further £70m of new business as a

result of last week's order for 38 Airbus aircraft and 18 Boeing 777s by International Lease Finance Corporation (ILFC) of the US.

The company said the new orders took the value of contracts with Boeing, beyond £500m for the first time.

Other UK aerospace component manufacturers said they would also benefit from recent airline orders.

Lucas Industries, the automotive and aircraft equipment manufacturer, said that it would supply parts worth about £30m on the ILFC deal, while recent new orders by Asian carriers were worth a further £45m.

Smith Industries also said new orders for Boeing's 777s



Christopher Lewinton, TI chairman: Dowty profits ahead and 737s "provided a positive outlook for our civil aerospace business".

TI Group, meanwhile, is later this week expected to cite improved contributions from Dowty as one of the factors behind increased pre-tax profits of about £180m compared with £153m.

BET predicts 27% increase in dividend payout

By Geoff Dyer

BET, the business services group, yesterday surprised investors by predicting a 27.5 per cent dividend increase as part of its defence against the £1.9bn hostile takeover bid from Rentokil.

The forecast, higher than expected, was contained in the group's first defence document which also revealed that BET had been on the verge of bankruptcy five years ago.

In addition the document disclosed that 44 BET executives stand to make £9.6m from a controversial incentive plan if Rentokil's bid succeeds. It is understood that about £3m of this will go to Mr John Clark, chief executive.

Sir Christopher Harding, chairman, described the offer as "inadequate" and said: "BET's earnings have recently grown at a substantially faster rate than Rentokil's."

"There was no profits forecast, although BET said its dividend cover would remain "prudent". It is predicting a dividend of 5.1p in the year to March 31, compared with 4p last year.

In response to the document, Sir Christopher Harding, Rentokil's chief executive, said: "We are happy for Rentokil's performance to speak for itself." He added it was "so far proving difficult" to find any new information in the document. A more detailed response is expected early this week.

Meanwhile it emerged over the weekend that the Office of Fair Trading has begun an inquiry into the pest control market, of which Rentokil has a share of about 60 per cent. A previous inquiry in 1988 required Rentokil to give undertakings to customers.

Rentokil said it had not asked for the undertakings to be relaxed. The OFT said yesterday that the inquiry was "informal" and was part of its

obligations to keep the industry under review.

BET said that the high margins that Rentokil achieves in pest control could be under threat because of the entry into the UK market of Service-Master, the US market leader.

BET claimed that its rival's growth record - it has increased profits and earnings by more than 20 per cent in each of the past 13 years - had been maintained in part in recent years by currency effects and changes in accounting policies.

BET said Rentokil's claim to be familiar with the bulk of BET's activities was "flawed" as the overlap between the two groups' businesses was less than 25 per cent.

It said that Rentokil did not understand some of BET's businesses and in others BET was already doing what Rentokil said it planned to do.

It also said that if the bid succeeded Rentokil could face exceptionally high gearing, with a negative net worth of £50m supporting net debts of £600m.

BET said it had been "close to default" in early 1991, when it had £500m of outstanding commercial paper, which had very short maturities, backed by only £300m of committed bank facilities. At one stage it also broke the covenants on two bank facilities.

"The group had a full-blown liquidity crisis," said Mr James Lupton, a director of Barings Brothers and a BET adviser. Since then, BET said, it had been restored to financial stability under Mr Clark, who joined in April 1991, and in the 18 months since April 1 1994 it had seen "impressive" headline earnings growth of 28 per cent.

Over that period the group had spent £307m on capital expenditure, which was more than 155 per cent of depreciation.

Enquiry casts shadow over TSB's sale of Hill Samuel

By Alison Smith, Investment Correspondent

A second inquiry by regulators into commercial property lending at Hill Samuel, the merchant bank, is casting a fresh shadow over TSB's prospects of selling the bank.

The Bank of England is considering a report by City law firm Linklaters & Paine, commissioned by TSB, Hill Samuel's parent, into the merchant bank's property lending in the early 1990s.

Its deliberations coincide with a separate inquiry by the Serious Fraud Office into alleged financial irregularities in the same area.

"The Linklaters' report is thought to focus on whether Hill Samuel made proper and timely provision against bad debts on commercial property loans.

Although the allegations concern events from 1990 to 1992, the fact that inquiries are continuing is a blow to the probability of an early sale of at least some of the merchant bank.

Its future within the Lloyds TSB group, which was created at the end of last year by the merger of Lloyds Bank and TSB, has looked insecure since the merger was announced last October.

It is not a part of the retail banking and insurance business which is the focus of the group.

Rumours of an impending disposal have persisted even though Sir Brian Pitman, Lloyds TSB chief executive, said last autumn that there were no plans to sell or close it down.

One possibility is that its asset management division,

and its project finance, asset finance and leasing businesses could remain within the group, but that the corporate finance division could be sold if a buyer was forthcoming.

Lloyds TSB said yesterday that it had been made aware of the conclusions of Linklaters' report, along with the Bank of England, and that the matter had been dealt with as part of its due diligence procedures for the merger.

"We are confident that the investigation was handled thoroughly and properly and that there are no material implications for Lloyds TSB," it said.

Hill Samuel was bought by TSB in 1987 for £777m. Losses of £422m in 1991 prompted TSB to put the merchant bank on the market, although it subsequently said that it would keep it.

FT-SE eligibility is under review

By Norma Cohen

A rule which helps determine whether a company's shares are eligible for the FT-SE 100 index is to be reviewed amid concern among some fund managers about the recent inclusion of companies which have relatively small amounts of shares publicly traded.

The FT-SE 100 index covers the largest UK companies, ranked by market capitalisation, and inclusion in the index can greatly increase demand for a company's shares and boost its price.

The debate centres on a rule which says that a company is eligible provided it has a "free float" of at least 25 per cent - that is, at least a quarter of its shares are freely available for purchase by fund managers, who run a basket of stocks designed to mimic the performance of an index. have been concerned that the rule may have forced up their purchase price for some recent new share issues.

They argue that demand from indexers has placed a scarcity value on shares with a free float of as little as 25 per cent, and suggest that the threshold should be raised.

Mr Mark Makepeace, managing director of FT-SE International, which manages the FT-SE indices and is a joint venture between the Financial Times and the London Stock Exchange, said that a review had been prompted by a request from two leading index fund managers, although there were no imminent plans for change. "We will only respond if there is demand for change. There is not enough demand now."

The rules are determined by an independent committee of actuaries, fund managers and investment analysts.

Secondary offerings of shares in two companies, BSKyB and National Grid, have been largely placed in the hands of index fund managers who needed to buy them in order to achieve their promised returns.

Indexers are also concerned about the imminent flotation of UK mobile telephone company, Orange, whose initial offering will consist of 25 per cent of its capitalisation.

But Mr Makepeace said that research conducted by FT-SE International shows that the vast majority of stocks in the key index are freely available in the market. For the broader FT-SE Actuaries All-Share Index, some 10 to 15 per cent is not freely available.

Mr Makepeace conceded that "there may be a problem for some individual stocks". See fund management column, page 25

Loss of credit licence hits Colorvision

By Peggy Hollinger

Colorvision, the Liverpool-based television and video retailer, is today expected to issue a profits warning which will reveal a sharp drop in trading following the Office of Fair Trading's decision to revoke its consumer credit licence.

The company, which is appealing the OFT's January decision, will tell shareholders that its survival could be under threat if the situation is not resolved.

As the appeal process could take up to a year, Colorvision is expected to call for a further meeting with the OFT this week.

Just two weeks ago Colorvision revealed that sales to the end of December were 15 per cent down on the previous year.

However, it is understood that since then sales have suffered a far greater drop. Both consumer credit sales, which normally account for about half overall turnover, and product sales have fallen sharply since the OFT's announcement.

Although the licences remain in effect until the

appeal is decided, it is believed that the OFT's damning comments have been used by competitors to shop window advertising to win business from the 32-year-old high street retailer.

In January, the OFT said Colorvision "had failed adequately to ensure that our and improper business practices were not carried on, other than where it had been authorised by the regulatory authorities or some other external source into putting an end to them". Some of the criticisms relate to the failure to publish annual percentage rates.

In its defence, the company has claimed that its practices have not been unduly serious or unique in the industry. Colorvision has pointed out that the OFT had renewed the group's consumer credit licences for five years from September 1993.

It has also claimed to have developed new procedures, training and manuals to deal with the problem.

The group has also acknowledged it has 30 court convictions, mainly for advertising, but it said the last prosecution had followed an incident in May 1994.

Pillar to follow its larger rivals into leisure

By Simon London, Property Correspondent

Pillar, the UK property company, is expected to announce this week that it is buying two leisure parks in a move which underlines investors' growing enthusiasm for leisure properties.

The deal is Pillar's first move into the leisure sector, following MREPC and British Land, its larger rivals.

Leisure parks combine cinemas, restaurants and activities such as bowling and bingo on a single site. Investors hope they will deliver strong rental growth at a time when the outlook for the mainstream UK property market is uncertain.

Pillar is paying £16.8m to acquire two parks under development at South Tyneside and Stockton-on-Tees.

The vendor is THI, a specialist developer of leisure property, which last year formed a joint venture with British Land to build three parks. The investments being acquired by Pillar are expected to generate annual rental income of about £1.3m, giving

a yield of just over 8 per cent at the acquisition price.

The yield on which leisure properties change hands has declined by at least 1 percentage point over the last two years, reflecting growing demand among investors.

Property agents said that shortage of suitable sites could drive yields down further still as investors compete to acquire the best developments.

The Teeside Leisure Park at Stockton-on-Tees, which will be completed towards the end of this year, will incorporate a bingo hall and nightclub operated by First Leisure, a Bass public house and a 14-pin bowling alley.

The site is adjacent to an existing leisure scheme which includes an MGM cinema.

Boldon Leisure Park, south of Newcastle upon Tyne, is likely to feature an MGM Cinema and restaurants including a Burger King outlet. Further buildings could be added in a second phase of development.

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West Rand Consolidated Mines Limited
(Registration Number 01/01978/09)
(Incorporated in the Republic of South Africa)

Notice of Annual General Meeting

Notice is hereby given that the 91st Annual General Meeting of members of West Rand Consolidated Mines Limited will be held in the Boardroom, 5th Floor, First National Bank House, corner Freedom Drive and West Street, Sandton, Johannesburg, at 11.30 am on 19 April 1996, for the following purposes:

- To receive and concur the annual financial statements for the year ended 31 December 1995;
- To elect directors in accordance with the company's Articles of Association;
- To place the unissued shares under control of directors in terms of the provisions of the Companies Act, 1973;
- To fix the remuneration of the directors in accordance with the company's Articles of Association;
- To re-appoint the auditors in accordance with the company's Articles of Association; and
- Special Business.

The following ordinary resolution will be proposed for members to consider and, if deemed fit, to pass with or without modification:

6.1 **Ordinary Resolution to approve the allotment and issue of shares to directors**

"Resolved as an ordinary resolution that directors referred to below having been granted options during the year in terms of West Rand Consolidated Mines Limited Group Employee Share Incentive Scheme Trust, the company hereby approves, in terms of section 222(1)(a) of the Companies Act, 1973, the allotment and issue to any director referred to below of any of the number of shares set out against his name in so far as he exercises his options in respect of those shares:

Name of Director	Number of Shares
TSA Grobicki	250 000
NV Armstrong	250 000
GJ Mowat	100 000

A member entitled to attend and vote at the annual general meeting may appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company. Forms of proxy must reach the Johannesburg or the London transfer office of the company at least 48 hours (Saturdays, Sundays and official Public Holidays excluded) before the time of the annual general meeting.

A holder of a share warrant to bearer who desires to attend or be represented at the annual general meeting must comply with the "Conditions governing share warrants" currently in force. Thereupon a proxy or an attendance form under which such share warrant holder may be represented at the annual meeting will be issued.

By order of the board
V E KING
Secretary

5 March 1996
Sandton

Registered Office: First National Bank House, 5th Floor, One Freedom Drive and West Street, Sandton, Johannesburg (PO Box 31198 Braamfontein 2017), South Africa

London Transfer Office: Barclays Registrars, Bourne House, 34 Boulevard Road, Brompton, Kent, SE15 4TU

Note: The 1995 annual report is being posted to registered shareholders today and copies are available for holders of share warrants to borrow from the office of the United Kingdom Shareholders' Mutual Companies Services Limited, 19 Charterhouse Street, London EC2N 8EP.

COMPANIES AND FINANCE

Incentive to continue with asset disposals

By Hugh Carnegie in Stockholm

Incentive, a key Wallenberg empire company, is set to follow its full takeover of Gambro, the Swedish medical technology group, with significant asset disposals this year as it further remodels its diverse clutch of industrial holdings, Mr Mikael Liljus, chief executive, said yesterday.

But he said there were no plans for Incentive to offload the shareholdings it has through which the Wallenbergs exercise their half-ownership of Asea Brown Boveri, the Swiss-Swedish engineering giant, and half their controlling stake in Electrolux, the household appliance maker.

Although neither fit with Incentive's strategy to be an operational industrial company focused on medical technology, Mr Liljus said the group would keep both holdings. "There are no immediate plans for change regarding Asea and Electrolux," he said. But he added: "You will see further restructuring in 1996."

The main candidate for sale is Skandisaväska Elverk (SEV), a highly profitable power company with turnover last year of SKr1.9bn (\$279m) that currently supplies about 3 per cent of Sweden's electricity consumption. "SEV is in very good shape but it is not a perfect fit," Mr Liljus said.

He was speaking after Incentive announced a jump in pre-

tax profits - excluding contributions from associated companies - from SKr2bn in 1994 to SKr2.6bn last year. Group sales rose from SKr18.4bn to SKr24.3bn.

Incentive's steady evolution to a more focused, growth-oriented operation from a highly diversified conglomerate took a big step forward this year with the full takeover of Gambro, a blood treatment specialist which is a world leader in renal care.

Earlier this year, the group sold Hasselblad, the prestigious specialist camera maker, in the latest of some 40 disposals in recent years.

Medical technology, which accounted for SKr10bn in turnover last year, is now comfort-

ably the biggest unit in Incentive. But the group continues to own operations in transportation, environmental equipment, materials handling and power, as well as the Asea and Electrolux stakes.

Mr Liljus has made little secret of his long-term preference to offload the Asea and Electrolux holdings. One frequently canvassed solution would be to reshuffle them into Investor, the senior Wallenberg investment vehicle. But the Wallenberg camp has ruled this out, apparently for tax and other reasons.

Instead, Mr Liljus said remaining trading operations would be sold off and the power operations were also likely to be disposed of.

The latter achieved an operating margin of more than 31 per cent last year, well ahead of the 14.9 per cent returned by Gambro, the next most profitable unit.

Incentive is spending SKr10.8bn on buying up the 58 per cent of Gambro it did not already own. It has won acceptances for more than 99 per cent of the shares.

The acquisition will reduce Incentive's equity to assets ratio from 52 per cent to 35 per cent.

Mr Liljus said there was no urgent need to raise capital to strengthen the balance sheet. But he wanted to be prepared to finance Gambro's ambitions to expand, including through acquisitions.

Escom chief cuts stake as part of reshape

By Michael Lindemann in Bonn

Mr Manfred Schmitt, chief executive of Escom, the beleaguered German computer retailer which recently announced 1995 losses of DM125m (\$84.25m), has reduced his stake in the company he founded from 48.5 per cent to 30 per cent as part of a restructuring which will give Escom DM100m of fresh funds.

A 16 per cent tranche has been passed on to BV Beteiligungsgesellschaft, a subsidiary of the Munich-based Bayerische Vereinsbank, and a further 2.5 per cent has been taken up by Siemens Nixdorf, the German computer manufacturer which already held a 10 stake.

Mr Schmitt's move coincides with a capital increase of DM60m and extended credit lines worth DM40m. The new shares have been taken up by Commerzbank, Germany's third-biggest bank, and "will be offered to shareholders who are entitled to them at the next available opportunity."

"The shareholders and the banks have thereby created the conditions which will enable Escom, through a consolidated financial base and an expanded group of shareholders, to successfully develop its business," the company said in a statement.

However, Escom's prospects remain unclear, especially as the DM125m losses contrast sharply with the significantly better figures forecast just six months ago.

The company said on Friday that while business this year remained brisk, there was no prospect it would be strong enough to make up for the slump in Christmas sales, a vital period for computer makers, and that stock problems persisted.

Escom's recent difficulties have put paid to a deal with RWE, one of Germany's largest conglomerates, which had said last September it would take a 12.5 per cent stake in Escom in order to improve the sales of its telecom businesses through Escom's 450 retail outlets across Europe.

NEWS DIGEST

Promodès ahead to FF1bn for year

Promodès, the French retail group, reported net income up 13.6 per cent to FF1bn (\$198.8m) for 1995. Turnover rose 6.2 per cent to FF101bn, which the group said represented an increase of 6.6 per cent on a comparable basis and at constant exchange rates.

Operating profits fell 6.3 per cent to FF2.2bn, which it said reflected new fiscal measures adopted by the French government costing an additional FF106m, as well as its policy of accelerating development in other countries. Group debt represented 57.1 per cent of shareholders' funds. The board recommended a dividend of FF12 per share, up 14.3 per cent.

Andrew Jack, Paris

Brazilian steelmaker slips

Brazilian steelmaker Usiminas reported a net profit of R\$236.8m (US\$332m) for 1995, down from R\$356.8m in 1994. Turnover was R\$2.11bn, against R\$2.36bn in 1994, and return on shareholders equity dipped from 14.1 per cent to 11.9 per cent. Earnings per 1,000 shares were R\$0.147, against R\$0.159. However, comparing the two years is difficult because Brazil changed currencies in July 1994.

Total production fell slightly from 4.28m tonnes to 4.26m tonnes. Sales fell from 3.76m tonnes to 3.64m tonnes, with domestic sales down from 2.46m tonnes to 2.45m tonnes and exports down from 1.32m tonnes to 1.2m tonnes.

Jonathan Wheatley, São Paulo

Commerzbank in share sale

Commerzbank, Germany's third-biggest bank, has sold the last of the 15.4 per cent stake in the Thyssen steel and engineering conglomerate which it bought last year, passing just over 2m shares on to mostly UK pension funds for a total of about DM575m.

The disposal means that the Fritz Thyssen Stiftung, a Thyssen family foundation, still holds an 8.6 per cent stake in the Düsseldorf-based group, as one of only two significant investors. A further block of 11.5 per cent will continue to be held equally by Commerzbank and the Allianz insurance group through an investment company. The remaining 79.9 per cent shares are held by private or institutional investors.

Commerzbank bought the 15.4 per cent stake last year from Counts Federico and Claudio Zichy-Thyssen, great-grandsons of the company's founder, August Thyssen. The bank said, however, that it never regarded the shares as a permanent investment and would pass them on to other investors within the 12-month period permitted by German cartel law.

Michael Lindemann, Bonn

Popolare chief tipped for job

Mr Francesco Cesarini, chairman of Banca Popolare di Milano, is expected to be elected next chairman of Italy's stock exchange board following his inclusion among the 14 members appointed to the new board.

The appointments, made by Mr Lamberto Dini, the prime minister, acting in his role as treasury minister, follow consultations with brokers' associations. They do not include the present chairman, Mr Attilio Ventura, who has led Milan's stock exchange through its reforms of the past three years.

Mr Cesarini, one of five members reappointed, would represent continuity with the previous board, of which he was vice-chairman and whose mandate expires on March 15. The new board, which includes representatives of the central bank and Consob, the stock market watchdog, will play a transitional role guiding the stock exchange's transformation from a public into a private institution.

John Stankins, Milan

Newcrest seeks merger talks with Normandy after raid

By Nikki Tait in Sydney

Newcrest, the Australian goldmining group which snatched up 14.9 per cent of Mr Robert Champion de Crespigny's Normandy mining group in a stock market raid last year, has told its target that it would like to "explore the advantages of a possible merger".

Newcrest also owns 12.5 per cent of PosGold, Normandy's listed 51 per cent-owned goldmining offshoot. The initial PosGold stake was bought at the same time as the Normandy holding, and topped up in the market last week.

The merger suggestion was

made by Sir Roderick Carnegie, Newcrest's chairman, at a meeting with Mr de Crespigny in Frankfurt last week. Normandy rejected the suggestion, at least for the time being, saying it was "inappropriate to discuss or consider any such approach before the outcome of the Normandy merger meetings is known".

The Newcrest share raid came just weeks before shareholders in Normandy and three of its satellite companies (including PosGold) were due to vote on a four-way restructuring which would see them merged into one entity.

Aside from Normandy and PosGold, the two companies

involved in this plan are North Flinders Mines and Gold Mines of Kalgoorlie. PosGold has large minority stakes in both.

Following the Normandy group merger, the re-constituted board could then discuss the possibility of considering a merger proposal with Newcrest," said Normandy.

Newcrest has asked Mr de Crespigny to address its board tomorrow and explain why Newcrest should support the four-way merger - an invitation which has been accepted.

The existing merger plan will be put to shareholders of three of the groups involved next Friday, and to North Flinders shareholders on April 4.



Robert de Crespigny: will address Newcrest board tomorrow

Japanese steel groups move back into the black

By Michio Nakamoto in Tokyo

Four of Japan's leading steel companies expect to announce a return to profit for the first time in three years when their business years end at the end of March, although some have downgraded earlier forecasts.

Kawasaki Steel, Kobe Steel, Sumitomo Metal Industries and NKK are moving out of the red, helped in most cases by restructuring.

Kobe Steel, which was hit by the effects of a devastating

earthquake in January last year, expects record net profits of Y87bn (\$633m), against net losses of Y96bn a year ago.

However, Kawasaki and Sumitomo, along with Nippon Steel, have warned that weakness in both domestic and overseas markets mean profits will be smaller than expected.

Nippon Steel, the world's largest steelmaker, now says recurring profits - before extraordinary items and tax - will be Y83bn rather than the expected Y80bn, against

Y112bn in the previous year. The company projects the increase despite a fall in sales to Y2,050bn from Y2,090bn.

Kawasaki Steel expects recurring profits of Y160bn compared with a Y18.3bn loss last year, and Sumitomo Metal Industries is forecasting recurring profits of Y20bn.

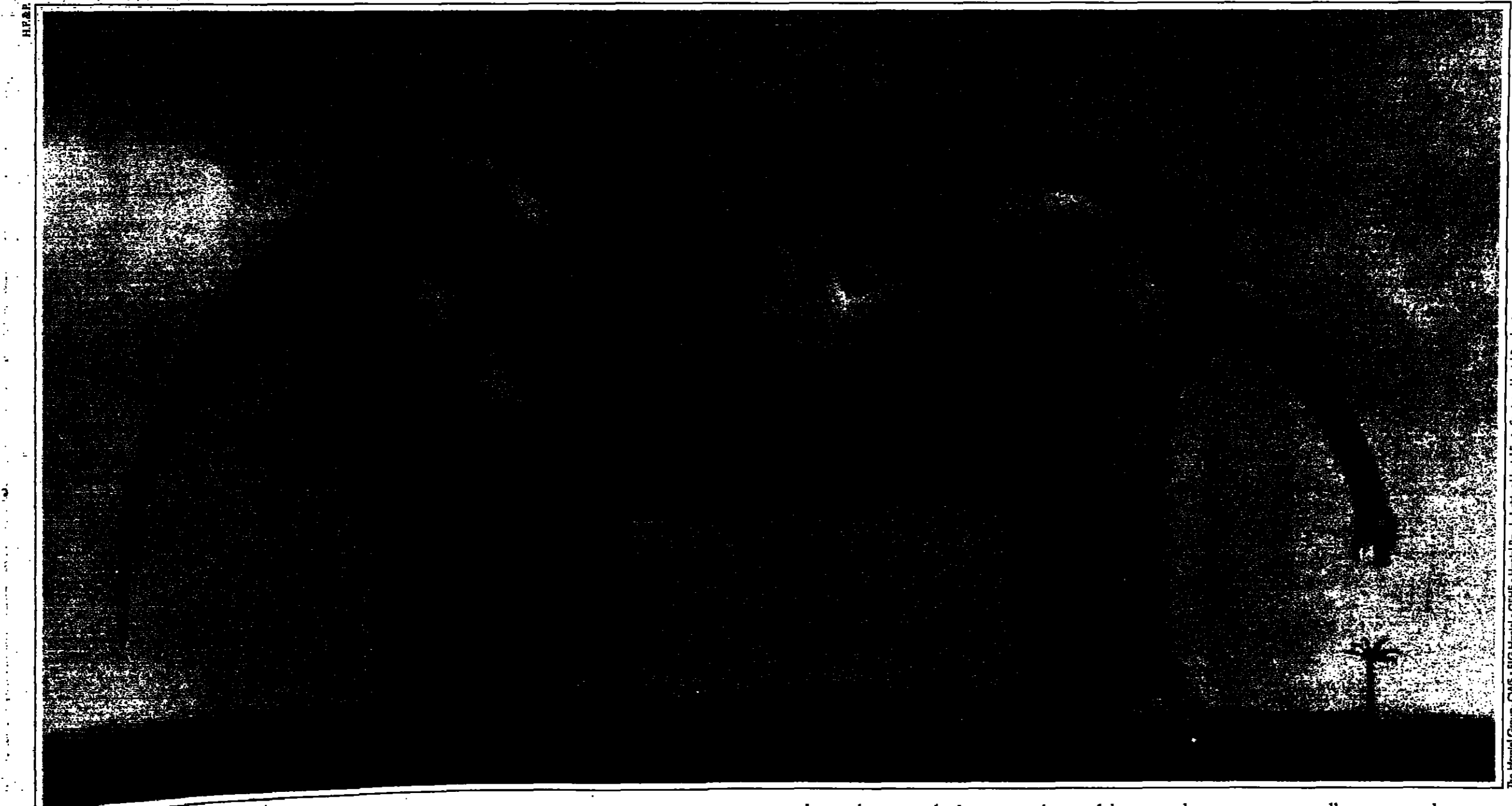
The three companies are more dependent on steel products than NKK and Kobe Steel, which respectively have large industrial plant and machinery or aluminium businesses.

The earlier part of the year was marred by a sharp rise in the yen's value, which led to falling competitiveness overseas as well as a flood of imports from lower-cost foreign steelmakers, notes Mr Minoru Hasegawa, industry analyst at BZW Securities in Tokyo.

Meanwhile, Japanese steelmakers had been encouraged by expectations of big rebuilding in the Kansai area that was hit by a severe earthquake, to boost production.

However, that demand failed to materialise as expected and in the latter half of the year, the slow pace of reconstruction combined with a near-40 per cent increase in imports to depress prices and resulted in a build up of inventories. At the same time, markets overseas also turned weak.

The steelmakers do not expect the situation to improve dramatically in the year ahead. As a result, they are counting largely on further restructuring to help them through.



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COMPANIES AND FINANCE

Japan's shipyards in doldrums

Competition from Asia, excess supply and high costs have all taken their toll on the industry, writes Gerard Baker

Dry Dock Number 3 at the Sasebo shipyard in western Japan offers a powerful illustration of the current plight of Japanese shipbuilders. A month ago, the US navy informed Sasebo, one of Japan's eight largest shipbuilders, that it wished to use the dock for long-term repairs to one of its ships, the 45,000 tonne USS Belleau Wood. In other circumstances the prospect of such a repair contract might appear enticing to a struggling shipbuilder. But the deal did not promise to be lucrative at all for Sasebo. In fact, the plan was that they should do it for free.

Under the terms of a contract between US forces, the Japanese government and Sasebo, in effect since the second world war, the US navy has the right to dock its ships at Sasebo's yards and have them repaired for nothing.

But last month, in an unprecedented act of defiance, the company refused. Tying up its largest dry dock for six months would, it said, cost the company ¥9bn (\$86m) — almost one third of its entire half-yearly turnover.

"The use of Dock Number 3 in this way would literally kill the company," says a manager in the planning division at the company. "We will lose other clients who will not be able to have their ships repaired — they will almost certainly go to other Asian yards, and will probably never come back."

Mr Ryutaro Hasegawa, the company's president, told the US navy that Sasebo could not agree to the plan. In the past, he explained, the company might have been able to afford to allow a deal like the one proposed, but it was no longer financially healthy enough. Negotiations have since come close to settling the dispute — it is probable that the US navy will agree to pay some of the repair costs. But the unusual acknowledgement of financial difficulties by Sasebo's management highlighted the continuing weakness of an industry that has been almost synonymous with Japan's post-war economic success.

Once unrivalled as the world's leading shipbuilders, Japan's yards have hardly been out of the doldrums in the past two decades. Following the oil shock in the mid-1970s, Japanese companies have had difficulty adjusting downwards their enormous capacity.

After several false dawns, the harsh reality is that they

still face a hard slog in the face of excess supply at home and abroad, and high costs as a perennially strong currency intensifies competition in Asia.

At first sight, such a gloomy prognosis sits uneasily with the recent evidence. Last year Japan confirmed its status as the world's largest exporter of ships. It lost that title in 1993 for the first time in more than a decade — to South Korea — but bounced back in 1994 and consolidated its position in 1995. Total orders received were 8.1m gross tonnes.

Japan still produces about one third of the world's ships — and, since the business is heavily cyclical, the emerging recovery in Japan and continuing strength in Asian markets should ensure that demand over the next few years grows steadily.

Even the Korean yards, long regarded as the nemesis of Japan's shipbuilders, have started to discover some of the costs of their own rapid growth. Their wage bills are rising rapidly and their keen competitive edge over their rivals has dulled.

But that is where the good news ends.

"The big Japanese companies' recent performance is merely part of the long stagnation of the ship market in the past

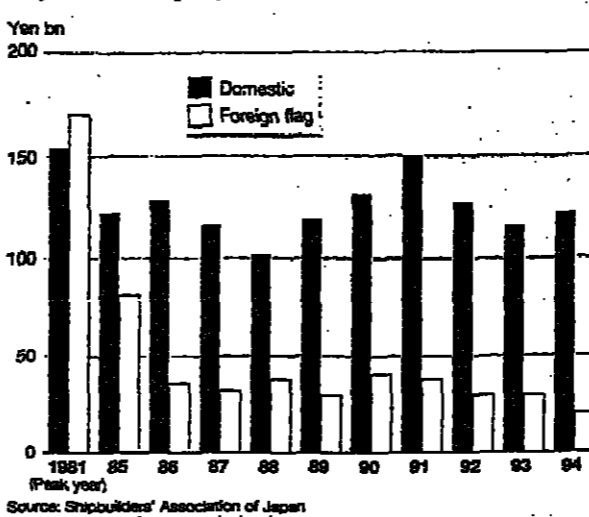
In the year to March 1995, combined shipbuilding turnover was ¥863bn, a fall of 17 per cent on a year earlier

decade. A gap of up to two years between orders and deliveries is reflected in recent sales and profits.

In the year to March 1995, combined shipbuilding turnover was ¥863.1bn, a decline of 17 per cent on a year earlier. (Other activities — such as heavy equipment manufacturing — offset much of the shipbuilding declines for most companies, but the decline in core business was dramatic.) Profit margins hit their lowest level for four years.

But if the past has been disappointing, the future looks bleak. Japan's return to the top of the world exports league has been achieved at a cost. The prices at which most of these contracts have been struck have been among the lowest for years — for some categories of ship, nearly 20 per cent below their peak in 1992. The price of a 250,000 tonne very large crude carrier (VLCC) dropped by almost 14 per cent between 1992 and 1995.

Japanese shiprepair sales



Source: Shipbuilders' Association of Japan

And these are dollar-denominated figures. The situation has been much worse for Japanese companies as the exchange rate has moved sharply against them. In the period when the Japanese were increasing their share of orders, the yen reached its peak against the dollar, at around ¥90 — a factor that will bite hard into margins over the next few years. This problem will continue to be significant even if, as expected, dollar prices stage a mild recovery in the next few years.

Although growth in world demand is likely to lift orders over the next 10 years, that growth will coincide with expansion in global capacity. A recent wave of Korean investment will, according to some estimates, lead to overcapacity

of up to 50 per cent in world markets by early next century. Japanese companies also face further pressures from the shrinking defence market at home. Government defence plans for the rest of the decade, published last year, envisage the deepest cuts in naval vessels for decades. Unlike other countries' shipbuilders, Japan's yards cannot make up that shortfall through military exports, since they are barred from selling defence equipment overseas.

But the Japanese have not been idle in meeting this formidable array of challenges. To reduce costs, they have stepped up purchases of materials from overseas, in an attempt to turn the high yen to advantage and to avoid the most extreme effects of Japan's high labour costs. Hitachi Zosen announced last year that it intended to raise overseas materials purchases to about ¥60bn, or 38 per cent of total materials purchased in the cur-

rent year — almost twice the level of a year earlier. Mitsubishi Heavy Industries, the largest company, said it would begin sourcing marine engines from manufacturers in Europe and Korea.

Investment in new technology is also beginning to feed through into profitability. The re-equipping of shipyards with increasing automation has pushed Japanese production efficiency well ahead of its Asian competitors. Most of the larger companies are also exploiting the diversified nature of their businesses and expanding their heavy engineering projects. Shipbuilding now accounts for just 8 per cent of Kawasaki Heavy Industries' total revenues, and 15 per cent of Ishikawajima Harima Heavy Industries' income.

But perhaps the most intriguing developments have been the first tentative steps towards partnerships. In the past 12 months a number of collaborative projects have been announced by the big companies. In the defence field, IHI and Sumitomo Heavy Industries announced plans for a company to build and repair warships. Hitachi Zosen and Mitsui Engineering and Shipbuilding signed a similar deal.

In civil shipbuilding, partnerships have even begun across borders. Last September, for example, IHI signed an agreement with a Chinese yard to build cargo vessels for a European company.

The expansion of shipbuilding facilities in Asia over the next few years will test Japanese companies to the full. Many still have considerable overcapacity, in spite of closures, mothballing of several shipyards and a sharp decline in workforces. The prospect of closer integration — even partial consolidation among companies themselves — seems likely to be the next phase in their long adjustment process from the heady days of two decades ago.

NEWS DIGEST

Sandvik sees lower result for 1996

A clear pattern for Sweden's leading exporters of weakening performance in recent months was echoed by Sandvik, the tools and specialty steels group, which reported a fall in profits in the fourth quarter of last year and warned that 1996 returns would be below the record set in full-year 1995.

Sandvik said the surge that continued in the first half carried the full-year pre-tax surplus for 1995 to SKr3.6bn (\$825.5m), a 47 per cent rise over 1994's SKr2.4bn. Group sales rose 17 per cent from SKr25.2bn to SKr29.7bn.

However, the group was hit by weakening demand in western Europe in the second half, with conditions in France and Germany "surprisingly weak" in the fourth quarter.

Fourth-quarter pre-tax profits slipped from SKr1.35bn to SKr1.31bn. "We expect a weaker economy in 1996 and a structural Swedish krona. Accordingly, earnings in 1996 are expected to be somewhat lower than in 1995 — but will still be at a high level," Sandvik said.

Earnings per share in 1995 rose 63 per cent from SKr2.75 to SKr4.50. The dividend was lifted 60 per cent from SKr3.75 to SKr6.00 a share.

Neste doubles dividend

Neste, the Finnish oil and energy group, rewarded investors who bought shares last year, by doubling its dividend for 1995, despite only marginal profits growth.

Finland's biggest industrial group by sales said it intended to pay a dividend of FM2.40 a share, twice the level of the 1994 payout. The decision follows the sale of a 10m tranche of shares last November, reducing the government's stake in Neste to 83.6 per cent and resulting in the listing of the company on the Helsinki bourse.

As previously signalled, Neste said pre-tax profits in 1995 rose only slightly, from Fm1.23bn to Fm1.36bn (\$295.8m). The rise was chiefly the result of lower financing costs, as operating profits fell from Fm2.24bn to Fm2.14bn, mainly because of a Fm300m rise in depreciation costs arising from a change in the treatment of goodwill. Group sales fell sharply from Fm42.2bn to Fm43.5bn, largely because of a deliberate reduction in Neste's international crude oil trading as it restructured in advance of the privatisation issue.

Brahma benefits from stability

Brahma, Brazil's biggest brewer, announced a sharp increase in profits for last year, helped by the country's economic stability. Net profits increased 73 per cent to R\$250.3m (US\$255m) in the year to December 31, from a restated R\$144.4m in 1994. No explanation was given for the increase, although all Brazil's brewers saw sharp rises in demand following the 1994 launch of a new currency, which brought down inflation and channelled more income to poorer consumers.

Sales, net of taxes, increased more than 30 per cent to R\$1.34bn, but operating expenses were controlled to only a 3 per cent increase. As a result, operating profits were ahead sharply, from a restated R\$156.6m in 1994 to R\$342.7m.

The group said it opened three new breweries during the year — including the largest in Latin America, where the company spent US\$880m on a unit with an annual capacity of 12m hectolitres of beer and 5m hectolitres of soft drinks. The company said its average annual productivity last year reached 7,000 hectolitres a head, a target it had not expected to reach until 2000.

A dividend of R\$8.95 per 1,000 shares was proposed.

BHP shares slip on warning

Shares in Broken Hill Proprietary, the Australian resources group, slipped 6 cents to A\$18.67 on Friday after the company warned that profits from its steel division would show a "significant deterioration" in the third quarter, to end-February, and for the first nine months of the financial year. In the first six months, profits from the steel business were down 16.1 per cent, at A\$282m (US\$222.6m). The company said that pressures on export steel prices, along with higher costs and lower Australian deliveries had continued into the third quarter. The warning came in a prospectus accompanying a US debt offering. BHP's third-quarter figures will be released on March 22.

Nicki Tail, Sydney

KLEINWORT BENSON SELECT FUND

Société d'Investissement à Capital Variable
Registered office: 50, Avenue J.F. Kennedy, L-1855 Luxembourg
R.C. Luxembourg B 28.138

Convening Notice

Shareholders are kindly invited to attend an Extraordinary General Meeting of Shareholders to be held at the office of Banque Générale du Luxembourg, 50, Avenue J.F. Kennedy, L-2951 Luxembourg on Tuesday 26 March 1996 at 3 p.m. with the following agenda:

To approve:

1. The change of the consolidated currency from ECU to US Dollars with effect from 1st April 1996 or such other date as may be determined by the general meeting of shareholders and to amend Articles 5, 23 and 25 to this effect.

2. A change of the current practice of issuing Shares at a Subscription Price and a Redemption Price to the issue of Shares at a price based on the Net Asset Value per Share with an adjustment for notional dealing costs and an initial charge or a redemption charge as may be decided by the Board from time to time and described in the Company's prospectus from time to time and amendment of Articles 5, 6, 8, 21, 22, 23 and 24 of the Articles to reflect this change.

3. The amendment of Articles 21 of the Articles so as to provide for the possibility for the Board to decide the redemption of all outstanding Shares of the Company or the termination of a specific class or classes, the merger between classes of the Company or the merger of a class or classes with another Luxembourg UCIs if the Board deems it appropriate because of the changes in the economical or political situation affecting the Company or the relevant class or classes or because it is in the best interests of the relevant shareholders or if the Net Asset Value of all outstanding Shares is lower than 20 million US\$ or if the Net Asset Value of any class is lower than 10 million US\$ or its equivalent in another currency, the termination of a class or classes or merger between classes of the Company or of a class or classes with another Luxembourg UCIs being otherwise subject to class meetings of the class or classes to be terminated or merged, deliberating validly without quorum and at a simple majority vote.

4. The amendment of Article 21, second paragraph, sub-paragraph (i) to replace ECU 1,000 by the sum of 1,000 and sub-paragraph (ii) by replacing ECU 2,500 by US\$ 2,500.

5. The amendment of Article 22 to allow the Board to suspend the determination of Net Asset Value of a class in case of a decision to liquidate that class.

6. The amendment of Article 26 to provide for decisions on distribution of dividends of the relevant Fund at class meetings of the relevant Funds only.

In the current market environment, a number of Sub-Funds no longer appear to invest in assets and have become so small that it is not in Shareholders' interests to continue them.

At their current levels many of the Sub-Funds are suffering a heavy burden of fixed operating expenses against a relatively low asset base, which has a detrimental effect on the investment performance of the Sub-Funds concerned.

Shareholders are therefore kindly invited to attend class meetings with the following agenda, to be held at the office of Banque Générale du Luxembourg, 50, Avenue J.F. Kennedy, L-2951 Luxembourg, on Tuesday 26 March 1996 at the times indicated below.

Class meeting of Kleinwort Benson Select Fund-Dollar Bond Fund at 2.15 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-Dollar Bond Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-European Bond Fund at 2.20 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-European Bond Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-Global Convertible Bond Fund at 2.25 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-Global Convertible Bond Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-British Fund at 2.30 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-British Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-European Fund at 3.35 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-European Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-Japanese Fund at 3.40 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-Japanese Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Class meeting of Kleinwort Benson Select Fund-North American Fund at 3.45 p.m.

Agenda

To approve the termination of Kleinwort Benson Select Fund-North American Fund with effect 31st March 1996 or such other date as may be determined by the class meeting (the "Effective Date") and redemption of the Shares of the Shareholders at a price corresponding to the Net Asset Value per Share determined on the last Valuation Day preceding the Effective Date.

Shareholders are advised that the extraordinary general meeting requires a quorum of presence of 50% of the shares issued and decisions shall be carried if approved by 2/3 of the shares present and/or represented at the meeting.

The class meetings require a quorum of presence of 50% of the shares issued within each class and decisions shall be carried if approved by 2/3 of the shares present and/or represented at the relevant class meetings.

In order to participate in the extraordinary general meeting and class meetings, the holders of bearer shares must deposit their shares at the office of Banque Générale du Luxembourg, 50, Avenue J.F. Kennedy, L-2951 Luxembourg, by no later than 5 p.m. on 22nd March 1996.

The draft text of the proposed amendments of the Articles of Incorporation is available for inspection at the registered office of the Company and a copy thereof may be obtained on request.

Shareholders of the Emerging Asia Fund are further informed that the base currency of the Sub-Fund will, with effect from 1 April 1996 be changed from its current denomination in ECU to US\$. The international currency with which most emerging markets are closely linked. Shareholders of this Sub-Fund who do not concur with this change may redeem their Shares, without cost, until 1st April 1996.

Finally we would like to inform you that both the Company and the Banque Générale du Luxembourg, the Company's custodian and central administrator, have changed their registered offices to 50, Avenue J.F. Kennedy, L-1855 Luxembourg.

The Board of Directors.

Oesterreichische Investitionskredit Aktiengesellschaft

Issue of up to US\$40,000,000 Subordinated Collared Floating Rate Notes Due 2004 of which US\$20,000,000 is being issued as the Initial Tranche

Notice is hereby given that the notes will bear interest at 5.25% per annum from 11 March 1996 to 10 September 1996. Interest payable on 10 September 1996 will amount to US\$127.58 per US\$100,000 note and US\$2,517.59 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company

CREDIT LYONNAIS

US\$100,000,000 Floating rate notes 2003

The notes will bear interest at 5.01953% per annum for the period 11 March 1996 to 10 September 1996. Interest payable on 10 September 1996 will amount to US\$127.58 per US\$100,000 note and US\$2,517.59 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company

WOOLWICH - Building Society -

\$100,000,000 Floating rate notes due 1996

Notice is hereby given that the notes will bear interest at 6.273% per annum from 11 March 1996 to 7 June 1996. Interest payable on 7 June 1996 will amount to \$157.73 per \$10,000 note and \$1,577.32 per \$100,000 note.

Agent: Morgan Guaranty Trust Company

BANK OF GREECE

US\$300,000,000 Floating rate notes 2003

The notes will bear interest at 6.01953% per annum for the period 11 March 1996 to 11 September 1996. Interest payable on 11 September 1996 will amount to US\$127.58 per US\$100,000 note and US\$2,517.59 per US\$1,000,000 note.

Agent: Morgan Guaranty Trust Company

GRANADA IS MOVING

From 11 March 1996, the headquarters of Granada Group PLC will be at:

Stornoway House
13 Cleveland Row
London SW1A 1GG
tel: 0171 451 3000

GRANADA

GRANADA GROUP PLC

The fire which started on 28 February 1996 in an isolated area of the 31 Line longwall has been extinguished with the aid of the inert gas generator. It is anticipated that it will take approximately one week to rehabilitate the affected area and re-start production from the slope.

The fire broke out during the morning shift at a depth of 2200 metres below surface in the area served by the No. 1 Sub-Vertical Shaft. Initially, because of poor visibility caused by dense smoke, 104 employees had to be evacuated to refuge bays. Rescue teams then successfully brought all affected workers to surface. There were no casualties.

Loss in production due to the fire is estimated to be 247 kilograms of gold which is equivalent to approximately R12 million in revenue. This loss will be reflected in the current quarter's results and it is not anticipated that it will flow through to the next quarter. This loss is partially covered by insurance.

Johannesburg

8 March 1996

Blyvooruitzicht Gold Mining Company, Limited

(Registration number 05/09743/06)
(Incorporated in the Republic of South Africa)
("Blyvooruitzicht")

TERMS OF THE RIGHTS OFFER

Introduction

Further to the announcement dated 8 March, 1996, Rand Merchant Bank Limited is authorised to announce that Blyvooruitzicht will undertake to raise approximately R40 million by way of a renounceable rights offer to Blyvooruitzicht shareholders ("the rights offer") of 6,599,993 linked units ("the linked units"), in the ratio of 15 linked units for every 100 Blyvooruitzicht ordinary shares of 25 cents each held by shareholders of Blyvooruitzicht, registered as such on Friday, 22 March, 1996. The sponsoring broker to the rights offer in the United Kingdom is Société Générale Strauss Turnbull Securities Limited.

The linked units

Each linked unit will consist of an ordinary share ("the rights share") and an option to subscribe for one ordinary share ("the option"). The price of one linked unit will be 600 cents.

On the Johannesburg Stock Exchange ("the JSE"), the linked units will be delisted upon listing and the rights shares and the options will be listed separately. On the London Stock Exchange Limited ("the LSE"), the rights shares and the options will trade separately when fully paid.

Each option will entitle the holder to subscribe for one ordinary share on any date prior to 31 December, 2000, subject to certain exceptions, at a subscription price of 600 cents per ordinary share. The option will expire on 1 January, 2001.

Underwriting

Randgold & Exploration Company Limited ("Randgold") has agreed to underwrite the rights offer upon the terms and subject to the conditions of the underwriting agreement to be entered into between Randgold and Blyvooruitzicht.

Conditions precedent

The rights offer is conditional upon the fulfilment of, *inter alia*, the following conditions precedent: — The JSE granting a listing of and the LSE permitting dealings in the renounceable (all paid) letters of allocation and the JSE and the LSE granting listings for the securities to be issued by Blyvooruitzicht in terms of the rights offer; — the registration of all requisite documentation by both the South African and United Kingdom Registars of Companies; and — Blyvooruitzicht and Randgold entering into an underwriting agreement and the underwriting agreement becoming unconditional.

A further announcement regarding the salient dates of the rights offer will be published on or about Wednesday, 20 March, 1996.

It is expected that a prospectus relating to the rights offer will be issued on 29 March, 1996. Copies of the prospectus are therefore expected to be available for collection during normal business hours for a period of two business days from 29 March, 1996 from the Company Announcements Office, London Stock Exchange Limited, London Stock Exchange, Tower, Capel Court Entrance, off Bartholomew Lane, London EC2A and on any weekday (Saturdays and public holidays excepted) up to and including 12 April, 1996 from:

Société Générale Strauss Turnbull Securities Limited
Exchange House
Finsbury Street
Broadgate
London EC2A 2DD

Vladco Corporate Services Limited
19, Charterhouse Street
London EC3N 6QP
Sandton
11 March, 1996

London Stock Exchange Limited has authorised the issue of this announcement without approval of its contents

FINANCE

Not enough Orange to go round

With all the index funds after a piece, setting a fair price could be sticky, says Norma Cohen

For most fund managers, the imminent flotation of UK mobile telephone company Orange requires making a straightforward decision about value and price.

Not so managers of index funds - those who manage a basket of stocks the performance of which is designed to mimic that of a key index, such as the FT-SE 100 or the FT-SE Actuarial All Share.

These managers have little option but to buy, no matter what the price.

From late June, Orange, with an estimated market capitalisation of between £2.2bn and £2.4bn, will almost certainly be included in the FT-SE 100 and any fund manager committed to matching this index will have to own Orange shares.

The problem is that Orange shares will be scarce: only a quarter of the company is being offered to the public.

London Stock Exchange rules have long allowed companies to obtain a listing provided that they have a "free float" of at least 25 per cent of their share capital - in other words, that 25 per cent is available for trading.

The same percentage threshold applies to inclusion in the FT-SE 100 index, which is made up of the largest UK

companies which have then entered the FT-SE 100.

Last September Pearson, publisher of the Financial Times, sold its 8.5 per cent holding in BSKyb, which pushed that company's traded share capital just above the 25 per cent threshold. The stake was placed almost entirely with indexers.

Pearson was aware of the premium that probable entrance to the index would place upon the shares and structured the deal with its advisers so that it captured that premium.

While BSKyb shares have traded, for the most part, above the price at which they entered the index, passive fund managers are less happy about the performance of their shares in the National Grid.

Last December recently privatised regional electricity companies sold enough shares in the Grid for it to cross the 25 per cent threshold and enter the index. But the December sale price of 208p has not been seen since.

Prices for shares in Orange, BSKyb and National Grid were arrived at through a "book-building" exercise designed to reflect actual demand. Without demand from the indexers, one may only speculate what the share prices might have been.

For their part, the advisers say it is not in their interest to simply obtain the highest possible share price.

After all, they must approach index fund managers again and again to buy new issues and again to buy new issues and again to buy new issues.

Moreover, they are required to maintain an orderly after-market and setting too high a price will cost them dearly as they try to stabilise a new issue.

Instead, they point a finger at the fund management community and the consensus-oriented approach to portfolio construction.

"The problem in the UK is that the fund management community is more concerned with relative performance than with absolute performance," said one investment banker. "That is what causes the real squeeze."

The preoccupation with performance returns close to the index, or to the industry median, means that even non-index fund managers want more than anything to buy shares below or at the price they enter the index.

"Our target is to beat the price at which the shares go into the index," said Mr Lacaille, an indexer. "It's not a value-added process but it is the least risky."

Indexers who feel that the share price is too high have few options. There are hedging strategies which can be employed by those determined not to buy over-priced shares. These include the purchase of call options in advance of a stock entering the index.

In the case of Orange, indexers may try to buy a proxy, possibly in the form of a basket of mobile telephone company shares whose performance is likely to be similar.

However, such alternative strategies raise the risk of so-called tracking error - the degree of deviation between the tracked index's returns and those of the fund manager.

But some fund managers believe the real solution lies in requiring greater free float before a share can enter the index at all. "You have to question whether the rules are really up to date," Mr Lacaille said.

Nugget of wisdom in worthless paper

Anyone who has endured the ignominy of trying to pay for a restaurant meal with an overdrawn credit card will enjoy the experience of Donald M Coxe, recently named chairman and chief strategist for Chicago-based Harris Investment Management. Norma Cohen writes.

Coxe, right, was in London last month, along with other luminaries, to address the joint international advisory board of Barrick Gold - one of the world's leading gold producers - and Horsham, its controlling shareholder.

He passed at fancy food purveyors Fortnum & Mason, near Piccadilly Circus, to buy some cheese and tea, paying with a £50 note obtained from Harris Trust & Savings Bank, parent of his investment management company.

Unhappily for Coxe, the eagle-eyed shop assistant instantly spotted the note was a fake and called a security guard, who in turn called the police. They hauled him down to Vine Street, the local police station, for questioning.

After 90 uncomfortable minutes, the police were persuaded by virtue of his position, his temporary residency at a most exclusive, invitation-only hotel and his stock of genuine £50 notes, that he was the victim of someone else's fraud.

Harris Bank, it seems, had obtained the counterfeit £50 notes from a bank in New York which it has declined to identify publicly, although its name has been passed to US law enforcement authorities.

Despite the discomfort of the incident, Coxe believes it offers important insights into the relative merits of various monetary instruments.

"One lesson I learned from this," he told the assembled Barrick-Horsham board, "is the enduring value of gold."



Magalhães Pinto clan in a sea of troubles

There seems to be no end to the bad news afflicting Brazil's Magalhães Pinto family, one of the country's wealthiest, Angus Foster writes.

Already distraught by the loss of the family's bank last year, its patriarch and his sister both died within hours of each other last week.

The family was forced last year to give up control of Banco Nacional, a leading Rio de Janeiro-based bank, amid a liquidity crisis. Allegations of fraud, apparently involving several

FACES

he had difficulty remembering such matters. Just a few hours later, his sister also died.

Attention will focus in coming weeks on two of his sons who ran Nacional, Marcos and Eduardo. The senate is expected to call both as witnesses for its investigations, and some politicians are already claiming the brothers must have known what was going on, which media reports blame on a senior functionary. Both have refused to comment publicly since they lost control of Nacional, which the central bank sold to its rival Unibanco last November.

Despite its wealth and connections - the two brothers' sister, Ana Lucia, is married to the son of Brazil's President Fernando Henrique Cardoso - the family lives discreetly in Rio de Janeiro. Friends say the family is shocked by its sudden fall from grace, and Ana Lucia has hardly appeared in public since the bank's problems became known.

No shotgun weddings for Belgian banking

Daniel Cardon de Lichtbuer is a man not afraid of controversy. Neil Buckley writes. The affable chief executive of Banque Bruxelles Lambert, Belgium's fourth-largest bank, last summer launched the biggest debate in the Belgian financial world - about the need for a "GBB", or "Grande Banque Belge".

Cardon's thesis is that there are "too many medium-sized banks in Belgium". None, he says, is big enough to compete in the international market - especially if the Belgian franc is swept away by a single European currency.

His views gained support in December from finance minister Philippe Maystadt, and a month later from Elio Di Rupo, economics minister. But they were not universally welcomed in the banking sector, and his statement in a newspaper interview last summer that he would like to see his own bank, BBL, merge with another produced a flurry of headlines

suggesting BBL was for sale - which the bank rushed to correct.

Last week, reporting a 15 per cent increase in net profits, Cardon reiterated that his bank was "not for sale". But he defended his views on the need for mergers, and said it was almost inevitable that BBL would merge or form an alliance with another bank within the next few years, just as Banque de Bruxelles and Banque Lambert merged 21 years ago to form BBL.

Who might be a suitable partner? Ferdinand Chaffart, chief executive of Générale de Banque, said last week that his philosophy was to be "standalone". Meanwhile, Crédit Communal de Belgique, the state-owned bank seen by analysts as another candidate for merger with BBL, has, in the words of Cardon, "internal problems which make it difficult to be flexible".

Cardon retires from BBL next year, but the debate he sparked on the future of Belgium's banks may well outlast him.

Dinner invitation from Sir Terence

Can Sir Terence Conran, the man behind glitzy London restaurants such as Quaglinos and Mezzo, persuade City workers to stay around after dark?

When the Great Eastern Hotel - the only one in the Square Mile - reopens in 1998 following a £30m refit, there will be three Conran eateries to choose from, including a glamorous 300-seater along the lines of Quaglinos, Simon London writes.

The lunchtime market should be easy to please. The City is notably short of affordable and affordable lunch spots. But lunch trade alone is unlikely to deliver a handsome return on Conran's investment. "The real trick is to get people in the evenings," admits Des Gunewardena of Conran Holdings. "No one in the City has cracked it yet, but if we create a sufficiently exciting destination I am sure people will come."

FUND MANAGEMENT

companies, measured by total market capitalisation. Thus a company with a total capitalisation of £1.7bn, but with traded share capital of only £425m-£450m, can find itself in the FT-SE 100.

The rules of the index, which are overseen by an independent committee of City professionals, pre-date the rise of index fund management in the UK. Some fund managers say that these rules may now be responsible for distorting the prices for some share issues - those which only meet the minimum free float - and should be reviewed.

Index funds - which own an estimated 7 to 8 per cent of the shares on the UK stock market - need to buy the new issues to maintain their performance objectives.

A further 7 to 8 per cent of the market is dominated by quasi-indexers - fund managers whose strategy requires them to hold a weighting in every share in the index so that their annual returns do not deviate too far from it.

Thus, very little of a company's shares may be subject to the bargaining between buyer and seller which helps determine a new issue's price.

"If 15 per cent of the UK market is indexed, that's about half of what is available," said Mr Rick Lacaille, director of structured products at NatWest Investment Managers. The fact that Orange shares are almost certain to be admitted to the FT-SE 100 at the next quarterly committee meeting, on June 12, makes them "a pretty significant one-way bet".

This point has not been lost on investment bankers who are responsible for distributing new shares to investors.

"These rules are probably slightly outdated," conceded one banker. "You could probably increase the threshold [for entrance to the FTSE] as the level of indexation in the UK rises."

Orange is only the latest in a spate of offerings of partial

This announcement appears as a matter of record only.

March 1996

Zagrebačka banka

SFR 130,000,000

Term Loan

Arrangers:

Creditanstalt-Bankverein

Dresdner Bank Luxembourg S.A.

Union Bank of Switzerland

Lead Managers:

Bank Austria Aktiengesellschaft

Bayerische Landesbank Girozentrale

Bayerische Vereinsbank Aktiengesellschaft

BHF-BANK/Živnostenská banka, a.s.

Credit Suisse

Hungarian Foreign Trade Bank Ltd

Managers:

Všeobecná úverová banka a.s., Bratislava

Bank Brussels Lambert S.A., Brussels

Komerční banka a.s., Prague

Société Générale

Banca Commerciale Italiana, Frankfurt am Main Branch

Berliner Bank AG - Bankgesellschaft Berlin Group

Central Wechsel- und Creditbank Aktiengesellschaft

Kredietbank N.V. Dublin Branch

WestLB Group

Co-Managers:

Baden-Württembergische Bank AG

Banco Ambrosiano Veneto SpA

Bank für Arbeit und Wirtschaft Aktiengesellschaft

Ceskoslovenská obchodní banka, a.s.

Credito Italiano SpA, London Branch

DIE ERSTE österreichische Spar-Casse - Bank Aktiengesellschaft

ING Bank

Landesbank Rheinland-Pfalz Girozentrale

Landesbank Schleswig-Holstein International S.A.

London Forfaiting Company PLC

Republic National Bank of New York

Zürcher Kantonalbank, Zürich

Agent:

Union Bank of Switzerland

CREDITANSTALT

Dresdner Bank Luxembourg S.A.

Union Bank of Switzerland

Internationale Nederlanden Bank N.V.
 US\$200,000,000
 Subordinated collared floating rate Notes due 2002
 Notice is hereby given that for the interest period 11 March 1996 to 11 September 1996 the notes will carry an interest rate of 5.144537% per annum. Interest payable on 11 September 1996 will amount to US\$262.94 per US\$10,000 note and US\$6,573.57 per US\$250,000 note.
 Agent: Morgan Guaranty Trust Company
 JPMorgan

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ING BARINGS

FINANCIAL TIMES
MARKETS
THIS WEEK

ING BANK
 At Home in Emerging
 and Capital Markets
ING BARINGS

Global Investor / Gerard Baker in Tokyo

Turn of the Japanese bogeyman



Last week's panic-stricken reaction on Wall Street to the latest US jobs data serves only to underline the volatility of financial markets. But the real threat to stability continues to lie with the Japanese recovery.

For months the barely whispered fear in global markets has been of a re-run of 1994, with the Bank of Japan taking the place of the Federal Reserve as bogeyman. Alarmed investors have been watching anxiously for evidence of an end to the long Japanese slump. The risk was that higher interest rates would lead to a flood of Japanese money returning to Tokyo, sparking off a global capital shortage with predictable consequences.

In this slightly paranoid atmosphere the recent words of policymakers have been invested with all kinds of unintended significance.

Step forward Mr Wataru Kubo, improbable finance minister of Japan. The former school teacher and lifelong member of the socialist party was hustled into his post two months ago when no other member of the governing coalition could be prevailed upon to sacrifice himself over the increasingly intractable loan about Japan's housing loan companies.

Mr Kubo has spent most of those two months trying to wriggle the government off the self-manufactured hook of its bailout plan for these bankrupt businesses. But from time to time he has ventured out, Poot-er-like, into the world of real economic policy.

His most consequential remark came three weeks ago, when he made the apparently unstartling observation that the current historically low interest rates in Japan were not much help to the country's savers - especially the old.

The fixed income markets were convulsed. Investors immediately took these rather kindly remarks from the sexagenarian socialist to mean the long-awaited Japanese credit tightening was about to start: the benchmark 10-year bond yield quickly rose to a six-month high.

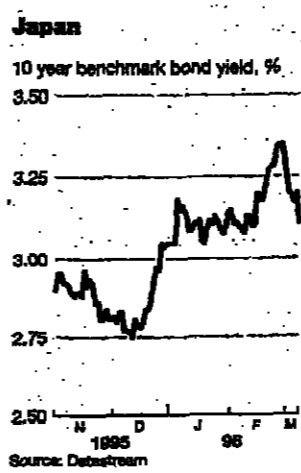
To be fair, Mr Kubo's remarks coincided with a change of sentiment in the fixed income markets. Bond yields have been edging up for

the last few months as a steady flow of better news about the economy convinced investors that it was at last headed for a recovery worthy of the name.

But Mr Kubo's intervention appeared to be the catalyst for a definitive shift. In spite of attempts by officials to downplay the significance of his remarks, it was widely argued that they were the first sign of an impending policy change.

By the end of February, the benchmark bond yield had risen close to the 3.5 per cent level, up 0.8 percentage points in three months. Aggressive fund raising by Japanese banks approaching their year-end also pushed up 3-month rates.

But the Japanese government does not seem to be about to change tack. Look no further than the one institu-



Total return to local currency to 7/31/96

	US	Japan	Germany	France	UK
Cash	0.10	0.01	0.08	0.08	0.15
Week	0.45	0.04	0.26	0.26	0.21
Month	1.54	0.13	0.88	0.88	0.74
Year	6.94	2.25	5.68	7.05	11.50
Bonds 3-5 year					
Week	0.20	0.19	0.58	0.58	0.58
Month	-1.04	1.19	0.21	0.21	0.21
Year	-11.59	8.09	15.53	15.53	15.53
Bonds 7-10 year					
Week	0.32	1.14	0.63	0.63	0.63
Month	-1.15	-0.01	-0.70	-0.70	-0.70
Year	15.00	-11.79	14.82	19.55	19.55
Equities					
Week	2.0	-2.0	0.5	0.5	0.5
Month	1.1	-5.7	1.5	1.5	1.5
Year	38.9	14.4	20.7	20.8	0.1

Insurers expected to demonstrate improvement

■ **Prudential:** The UK's largest life assurance and investment group, announces full-year results for 1995 tomorrow, on a new basis to reflect the EU insurance accounts directive. The Pru restated its 1994 and first-half 1995 results last month. These showed an interim pre-tax profit of \$499m, and analysts' forecasts for the new basis full-year are from \$740m to \$780m. Forecasts for the full-year dividend are for 15.5p-15.6p - a rise of at least 7.5 per cent.

■ **Legal & General:** Full-year results are due from the large

UK life insurer on Thursday. L&G's accounts show investment returns in an "unsmoothed" way, and so year-on-year comparisons are volatile. In 1994 pre-tax profits slipped more than 9 per cent to £164.9m, but analysts' forecasts for 1995 are focused in the £250m-£260m range.

■ **Laporte:** The specialist chemicals company has said its annual pre-tax profits announced today would be 10 per cent down on last year's £123.5m to about £110m. Downturns in the construction and bulk chemicals markets hit the company's water technology, construction and bulk polymers activities.

■ **Williams:** The diversified industrial group is expected to announce annual profits of between \$220m and \$230m tomorrow, up from \$200m. The figures will include an exceptional gain of \$9m linked to the

November flotation of Corworth, the specialist engineering group in which Williams retains a 19 per cent stake.

■ **TI Group:** The specialist engineering and aerospace components manufacturer tomorrow is likely to report annual pre-tax profits of about £180m, against £163m.

■ **Wolseley:** Concern about declining margins has led analysts to downgrade pre-tax profit forecasts for the world's largest distributor of heating and plumbing equipment, to £110m-£112m for the six months to the end of December compared with £117.4m last time when the company reports tomorrow.

■ **Reckitt & Colman:** On Thursday the maker of cleansers and other household products, is expected to show pre-tax profits for 1995 before exceptionals of about £266m,

against £270.3m.

■ **Reed Elsevier:** The Anglo-Dutch information group is expected to announce a strong set of 12-month results on Wednesday - influenced by the first year's contribution from the Lexis-Nexis database company.

Predictions for pre-tax profits range from £705m to £718m compared with £606m last year.

for the full year, and there were none in the first half, reports AFX News.

The company said in early September it expected a similar full-year gain for net profit on ordinary activities to the 10 per cent rise reported in the first half. The dividend is expected to be unchanged at £13.50.

■ **Heineken:** The Dutch brewing group is on Thursday expected to report 1995 net profit of between £1662m and £1777.4m (£268m) (\$410m), compared with £1603m before extraordinary a year earlier.

In 1994, Heineken posted net extraordinary income of £150m, putting net profit after the gain at £1662m. No extraordinary are expected

for the full year, and there were none in the first half, reports AFX News.

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■ **BTR:** The industrial conglomerate is expected to announce modestly increased pre-tax profits of £1.43bn-£1.45bn, compared with

£1.1bn, when it publishes its full-year figures on Thursday. Growth is thought to have been dented by a weak performance in its Taiwanese special business. Analysts are expected to press Mr Ian Strachan, who became chief executive in January, on when the group will begin to enjoy the benefits of last year's restructuring and disposal programme.

■ **Coats Viyella:** Last year's hot summer in western Europe is expected to drag down annual pre-tax profits at the clothing and textiles group below 1994's £182.2m. Analysts are forecasting about £145m. This year should be better, with analysts expecting more than £160m.

■ **BolsWessanen:** The Dutch drinks and food group today expected to report 1995 net profit from ordinary operations of between £1200m and £1201.6m (£30m), (\$122m),

down from £1251.1m. Earnings per share are expected to fall to £12.10 from £13.08 in 1994. Last August, BolsWessanen forecast 1994 net profit per share from ordinary activities down about 20 per cent, but a half-year later, the group's outlook is to be depressed by currency effects, particularly the dollar and lira. The market will be awaiting news of possible disposals.

■ **Cathay Pacific:** The Hong Kong-based carrier which is part of the Swire Pacific group is expected to report a healthy increase in 1995 profits today. Analysts are forecasting net profits will rise 15-20 per cent above the HK\$2.39bn (£202m) (\$309m) achieved in 1994. Stronger economic growth in the region improved cargo and passenger volumes and a change in depreciation policies should all help lift the bottom line. Turnover is expected to show a marked recovery.

The Financial Times plans to publish a Survey on

Russia

on Thursday, April 11.

The survey will focus on elections, which if held as scheduled, will be an important milestone in Russia's efforts to build a democracy. Among other subjects to be covered will be the economy, foreign investment, privatisation, oil and gas, agriculture etc.

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FT Surveys

INTERNATIONAL EQUITIES By Antonia Sharpe

Election blights Spanish sell-off

The unexpected outcome in Spain's general election last week, in which the centre-right Popular Party failed to win the outright majority that opinion polls had predicted, has raised the prospect that its hitherto smooth privatisation programme could be in for a bumpy ride, or stall altogether.

International investors in Spanish equities have not had to contend with the stock market uncertainty which could result from consensus politics - if the PP succeeds in forming a government with the Catalans. If the political uncertainty becomes too great, they could simply turn their backs on Spain as they have done in Italy on many occasions.

The success of the outgoing Socialist administration in building up a equity culture in Spain means that, unlike France and Italy, Spain does not need to rely so heavily on unpredictable international investors when selling shares in state-owned companies. Nor would the new government want to alienate them.

Recent sell-offs have shown the strength of demand among retail investors for privatisation stocks. In the current sale of stock in the banking group, Argentaria, which will halve the state's holding to 25 per cent, the domestic retail tranche is said to be four times over-subscribed.

The new government will have to embrace incentives, such as the one-year guarantees against a fall in the share price used by its predecessors, to ensure that retail investors do not become disenchanted with privatisations.

However, the PP is unlikely to pursue a privatisation policy with the same successful pragmatism of the outgoing Socialist administration.

For example, its plans to introduce a privatisation law along the lines of the French legislation are likely to result in a more "programmatic approach", as one banker put it. The law will establish parameters for valuing the

company being privatised. Privatisations will also require parliamentary approval.

One consequence of such a law would be that, like the French, the new government would not be able to move quickly when market conditions are favourable, a strategy which the old government used successfully, particularly over the past year when it sold off shares in Repsol, the oil and gas company, and Telefonica, the telephone company.

The decision to press ahead with the offering of shares in Argentaria at the same time as the election also reflects the old government's pragmatism. Although the domestic timing was risky, from an international point of view, it was spot-on because of the high level of liquidity in the primary equity market.

Perversely, the sharp fall in the Madrid stock market, and in the share price of Argentaria, appears to have worked in Argentaria's favour.

The sell-off in the market was healthy and investors who weren't looking at Argentaria at the higher level of Ptas.600 (£29.31) are now more attracted to the valuation story," said one banker involved in the transaction.

In addition, since it is likely to take many months for the PP to pass its privatisation law, this may be the last Spanish privatisation for some time.

See Lex

CONTRACTS & TENDERS

ELECTRICAL POWER IN GUYANA

INVITATION TO PARTICIPATE IN CREATING A NEW GUYANA ELECTRICITY CORPORATION (GEC)

The Government of Guyana (GOG) recognizes that there is a need for a rapid rate of investment in the Guyana Electricity Corporation (GEC) within the next five years to extend and improve supply and to meet the needs of a growing economy. Power supply in Guyana has been insufficient to cope with the growing demand and a significant amount of suppressed demand exists. Currently, major industrial consumers and large mining facilities provide their own power requirements. The GOG is ready to consider the introduction of a strategic core investor in the GEC who will bring capital and management expertise.

In light of the above, the GOG is seeking formal written expressions of interest from international power sector operators or operator-led consortia considering investment in the electricity business of GEC, presently a state-owned vertically integrated electricity company. The GOG, with the technical support of the Inter-American Development Bank (IDB), is about to choose a Financial Management group to prepare, among others, the Information Memoranda describing the GEC's business and manage all the necessary due diligence, the appraisal of the offers.

The strategic investors will propose to acquire a percentage shareholding of the ownership by subscribing capital for new shares. The new capital raised in this way will be used to fund development of the GEC. As a view into the future, Guyana has a significant untapped hydro potential as well as the possible utilization of biomass for power generation.

Power sector operators are now invited to submit brief statements of qualifications, relevant experience including background, organization and utility management and technical capabilities and financial position, and preliminary proposals and expectations, so that potential partners may be pre-screened prior to formal negotiations and tender procedures expected to be completed during the third quarter of 1996. Written expressions of interest and preliminary proposals should be submitted to arrive in Georgetown, Guyana, no later than 15th April, 1996. Applicants will then be notified of further steps in the process of forming a new GEC. The GOG reserves the right not to accept any of the offers.

Written applicants must be submitted to:

Hon. Samuel A. Hinds
 Prime Minister of Guyana
 Wright's Lane, Kingston
 Georgetown, Guyana, SOUTH AMERICA

Tel: 592-2-66555
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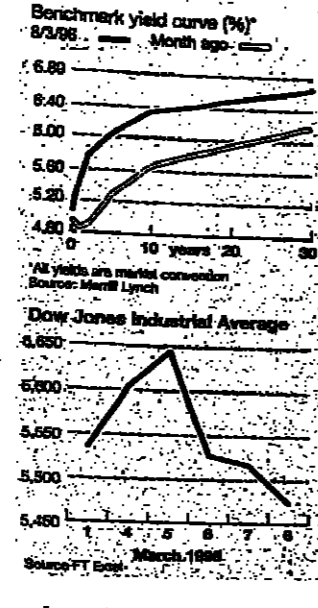
REGIONAL MARKETS	FRIDAY MARCH 8 1996				THURSDAY MARCH 7 1996				DOLLAR INDEX	
	US	Wchg	Frank	Local	US	Wchg	Frank	Local	52 week	52 week
Number of lines of stock	Index	Index	Index	Index	Index	Index	Index	Index	High	Low
Australia (81)	199.13	4.8	193.43	133.20	153.52	172.30	1.5	3.98	198.44	192.29
Austria (25)	183.87	5.2	178.41	123.89	141.65	141.51	0.0	1.62	194.50	178.73
Belgium (34)	212.21	1.5	206.14	141.96	163.69	159.57	6.2	3.39	213.81	207.18
Canada (101)	147.48	6.9	143.26	98.85	113.75	287.01	8.2	1.73	148.72	144.11
Denmark (23)	285.54	2.3	287.09	197.70	227.95	230.44	5.9	1.65	298.76	290.47
Finland (24)	180.06	-3.8	174.91	120.45	139.88	174.31	2.2	2.62	181.26	175.74
France (88)	198.75	4.1	191.40	134.32	144.04	148.83	8.1	3.09	199.02	194.13
Germany (12)	171.08	4.1	165.17	114.83	131.94	131.94	8.3	1.86	172.23	167.14
Hong Kong (59)	438.78	13.2	428.22	293.51	338.45	435.51	13.2	3.28	438.14	424.67
Ireland (16)	241.69	2.4	234.11	174.59	201.77	235.02	4.8	3.41	265.00	256.79
Italy (58)	74.59	1.3	72.55	48.38	57.61	67.14	-0.2	0.78	76.39	74.32
Japan (482)	146.82	-5.2	142.71	93.29	113.32	98.28	-2.7	0.78	148.24	141.71
Malaysia (107)	542.07	11.7	526.56	362.61	418.10	580.89	11.9	1.80	548.83	531.82
Mexico (18)	1048.55	1.0	1016.81	700.07	807.21	890.56	-0.4	1.00	1086.18	1052.50
Netherlands (18)	278.02	1.9	270.09	185.97	214.43	210.76	5.8	3.26	291.58	272.55
New Zealand (13)	80.82	1.1	78.21	58.86	62.10	63.29	-2.2	4.71	79.37	76.92
Norway (34)	236.61	2.3	229.48	158.28	182.50	207.13	4.4	2.46	238.65	232.23
Singapore (4)	455.59	7.0	423.89	291.38	336.96	292.71	6.5	1.43	430.57	420.04
South Africa (49)	398.08	0.2	375.03	299.29	337.79	331.42	8.0	3.13	395.86	374.00
Spain (27)	167.41	1.8	162.12	111.89	129.12	168.31	4.3	3.82	167.81	161.38
Sweden (47)	328.45	4.8	317.11	218.37	231.78	328.98	7.4	3.22	333.82	328.48
Switzerland (36)	241.96	2.5	235.04	161.88	186.53	190.53	7.2	1.52	243.83	236.06
Thailand (48)	179.79	6.8	174.63	120.26	138.69	175.97	7.0	1.84	180.00	178.30
United Kingdom (209)	229.23	-0.8	222.87	153.34	170.80	222.87	1.1	4.20	232.25	225.35
USA (821)	255.82	3.0	251.51	173.20	199.71	258.82	3.0	2.24	267.16	258.86
Americas (778)	239.05	3.1	229.29	167.90	182.06	198.42	5.1	2.24	243.26	236.82
Europe (733)	234.34	1.7	191.48	138.69	157.65	177.40	4.6	3.05	239.83	232.32
Nordic (137)	263.61	2.6	275.50	196.72	216.75	247.99	6.1	2.28	288.78	273.81
Pacific Basin (832)	160.86	-2.6	156.38	107.67	124.15	110.66	-0.7	1.21	160.89	155.42
Euro-Pacific (1962)	175.30	-0.5	173.01	119.89	138.01	155.92	1.7	2.09	179.89	174.12
North America (75.84)	252.81	3.1	245.19	168.84	194.50	251.75	5.1	2.25	262.26	256.04
Europe Ex. UK (529)	185.81	3.0	180.59	124.36	143.39	151.75	6.5	2.49	188.09	182.26
Pacific Ex. Japan (250)	269.18	9.3	260.80	150.43	223.03	252.36	8.2	2.89	286.43	280.48
World Ex. US (178.4)	181.15	-4.1	174.93	120.51	138.95	140.00	1.9	2.12	180.97	175.36
World Ex. Japan (218.0)	201.55	1.2	196.18	135.10	155.77	169.45	2.5	1.97	205.26	198.93
World Ex. Europe (190.3)	225.90	3.0	229.29	157.86	182.02	222.75	4.0	2.57	241.23	232.75
The World Index (2385)	204.59	1.0	198.54	136.72	167.84	174.24	2.4	2.17	207.89	201.25

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MARKETS: This Week

NEW YORK By Richard Tomkins

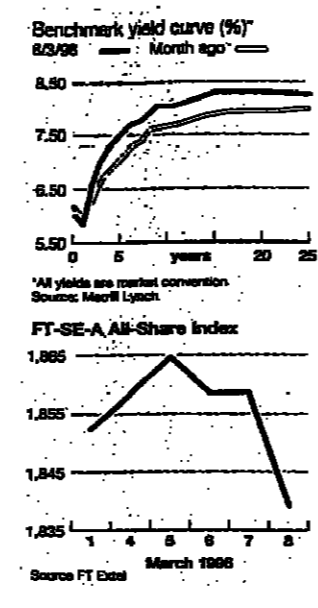
Today will be an anxious day in the US equity and bond markets. For weeks, investors have been living in the hope and expectation that the Federal Reserve would move to cut interest rates in the not-too-distant future.



The response was a selling frenzy: the benchmark 30-year long bond tumbled 3/8 to 90 1/8 and the Dow Jones Industrial Average followed it, closing 171.24 points down at 5,470.45.

LONDON By Philip Coggan

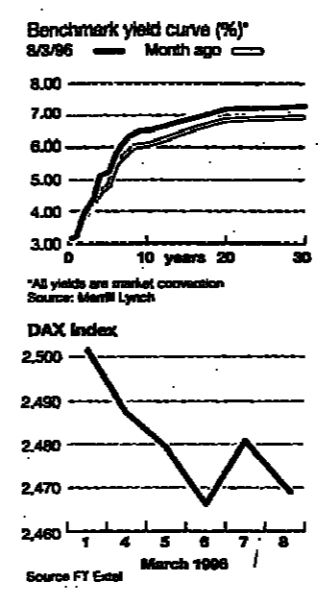
Bond and equity markets in London will start the week in a nervous mood after Friday's sharp falls on Wall Street which followed the publication of stronger-than-expected US employment data.



Economic data this week, notably industrial production and producer prices numbers today and average earnings numbers on Wednesday, will be watched closely for signs that the chancellor was taking risks with inflation when he authorised Friday's rate cut.

FRANKFURT By Wolfgang Münchau

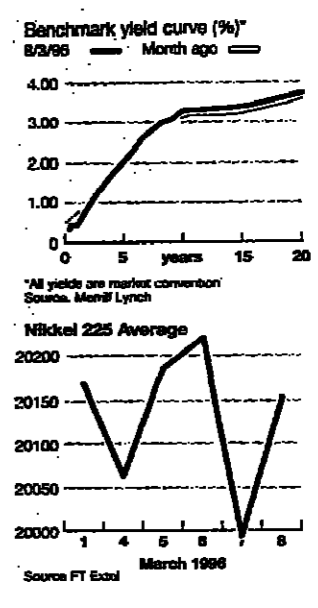
The main point of interest in German financial markets this week will be the Bundesbank's council meeting on Thursday. With the continued weakness in the German economy and an absence of inflationary pressures, there is speculation of further cuts in the discount and Lombard rates, even though at 3 and 5 per cent respectively they are already at a low point compared with previous cycles.



Mr Tietmeyer hit out against the Bundesbank's zealots in Germany who have been urging a rate rise on the grounds that Germany has reached a cyclical low and that the Bundesbank should prepare for the next upswing.

TOKYO By Emiko Terazono

While the authorities brushed aside concerns about last week's plunge on Wall Street during the weekend, caution is likely to prevail among investors. Last week's decline in US bond and equity prices will affect confidence at a time when uncertainty over the Japanese budget and lingering fears of a rise in long-term interest rates have weighed on Tokyo markets.



Profit-taking by banks and corporate investors looking to prop up earnings by realising gains on their portfolios ahead of the March book-closing will also continue to cap prices.

COMMODITIES Big week in prospect for gold

If stock markets collapse this week gold will play its traditional role as a safe haven and show a big jump in price. Gold was already rising on Friday and closed London at \$395.50 a troy ounce. Some analysts suggest worries about wobbly stock markets will see more "hot" money directed towards the market and the \$400 an ounce barrier might be broken again.

OTHER MARKETS Compiled by Michael Morgan

BRADY BONDS Emerging-market bond dealers will be closely watching US Treasuries this week after the rout in the US market on Friday sent Brady bond prices into a tail-spin.

HONG KONG

The market could be in for a roller-coaster week as investors assess the impact of China's missile firing off Taiwan and check on the likelihood of a cut in US interest rates after Friday's jobs data.

CURRENCIES Traders cautious ahead of US inflation statistics

The point of departure for currency markets this week is sure to be last Friday's US employment report. The dollar's response to the much higher than expected payrolls growth was very modest. But markets still need to decide whether the stronger growth, higher interest rate scenario favours the dollar, or a lower growth environment, which is more bond-friendly.

CROSS BORDER M&A DEALS

Table with columns: BIDDER/INVESTOR, TARGET, SECTOR, VALUE, COMMENT. Lists various international M&A deals.

FT GUIDE TO WORLD CURRENCIES

Large table providing exchange rates for various currencies against the US Dollar, including columns for currency, rate, and change.

JCI Limited advertisement for H.J. Joel Gold Mining Company Limited, including terms of rights offer and contact information.

Table with columns: ASE INDEX, P/E 95e (after tax), EPS GROWTH (%), etc. Providing financial metrics for various companies.

MARKETS: This Week

EMERGING MARKETS By Peter Montagnon and Laura Tyson in Taipei

Chinese cloud over Taiwan stocks

Taiwan's stock market took a hammering last week from news of Chinese missile tests in waters just off China's two largest ports.

The corporate sector is in the doldrums. A sharp fall in the price of semiconductors is likely to affect electronics sector profits and the financial sector is suffering from weakness in the property market.

Capel says prospective multiples on blue chips are lower, in the range of 9 to 12. They could drop further as earnings expectations for electronics companies are revised downwards.

Other the cash nor the fundamentals to rebound with," says Mr Peter Kurz of Barings. Domestic credit outstanding fell 0.35 per cent in February, though weakness in loan demand was also influenced by the lunar new year.

Whether this marks the start of a sustained rally is open to doubt. The immediate cause of the recovery was buying from the government's NT\$200bn stabilisation fund together with a modest relaxation of central bank reserve requirements.

Ms Ellen Miao of National Investment Trust says earnings are likely to grow by a modest 9 per cent or so this year, putting the market on a prospective P/E of 16.

Most analysts are now looking for a sustained recovery only in the second half of the year, and many expect the rocky ride to continue as the political situation remains tense. That is a reflection of tightening liquidity in response to the capital out-flow and of a lack of confidence.

Although there are 800,000 empty housing units in Taiwan, property prices have fallen less sharply than those in Japan. Since buyers are less heavily indebted, the risks banks have taken are smaller.

That may help offset the missile fright, but the scenario in which many investors had been working until last week has now been thrown into question.

Poland's Securities Commission has approved a new share issue by Okocim, one of the country's two listed breweries, despite charges that the capital increase is designed to dilute a 25 per cent strategic stake held by Brau and Brummen, Germany's largest brewer, writes Christopher Bobinski in Warsaw.

The strains facing the banking system may, therefore, be more manageable than those facing Japan. Still, weak loan growth calls for further monetary relaxation, which may be difficult to implement with the currency under pressure.

But there is a growing conviction that China will not abandon its hard line in the short term. Central bank intervention to hold the Taiwan currency at its floor of NT\$27.5 suggests a further drain on liquidity. If that continues, the market will have a long wait for a serious boost.

Brau and Brummen, which has held the stake for two years, is going to court to have the shareholder meeting's decision on the issue of between 3.6m and 10m shares annulled. Mr Michael Brendscheid, head of Brau and Brummen, says he was misled by Okocim, which asked him to waive B&B's rights to a quarter of the new issue on the understanding that the stake would be reserved for the company, anyway.

Some economists feel the risk of devaluation may be growing. Reserves have fallen by \$10bn to \$90bn since last summer and Taiwan needs a large cushion because it has no IMF membership. At some point it might decide devaluation is the only way to resolve its policy dilemma.

Analysts and fund managers say the market's upside is limited till liquidity returns. National Investment's Ms Miao says she prefers to be selective but there is some value in smaller capitalisation growth stocks. Mr Joseph Chou, her colleague, says bill finance companies are heavily geared to an eventual drop in rates.

In contrast, Mr James Hsu of Fubon Securities Investment Trust prefers liquid blue chip companies outside the electronics sector but the market will always be volatile, he says, because many of its companies are dependent on highly cyclical products.

Part of the art is to watch the cycle, and part is to watch money market liquidity. In the absence of that, not even last month's relaxation of restrictions on foreign purchases of Taiwanese stocks is likely to make much difference.

DERIVATIVES By Samer Iskander

Exchanges face challenge of a single currency

A move to a single currency would undoubtedly be the most important challenge facing European derivatives exchanges in coming years, as convergence of economic and monetary policies would lead to lower interest rate and exchange rate volatility.

The fiercest battle will be fought over short-term interest rate futures and options. Indeed, if European monetary union proceeds as planned, the underlying rates for these instruments will be abandoned in favour of a single rate of reference for the euro.

And the threat of lower trading volumes eating into exchanges' revenues could lead to cut-throat competition for a larger share of the remaining transactions.

However, each exchange currently lists at least one contract on three-month rates - Fibor in Paris, Fibor in Frankfurt, euromark and short sterling in London - while experience shows that similar contracts can rarely co-exist; the first one out usually keeps the lead, as was the case when the DTB, the German futures exchange that is part of the Deutsche Borse, tried to introduce its Fibor contract to compete with Life's highly successful euromark future.

The Matif, the French futures market, is aware that some of its foreign exchange options are ultimately condemned. Assuming national currencies were effectively replaced by the euro on January 1 1999, options on D-Mark/FFr and FFr/£ parities would give way to a single euro/£ product and the D-Mark/FFr option would have to be scrapped.

Short-rate futures are nevertheless vital products for the exchanges that list them. In 1995, Fibor futures were the second most actively traded products on the Matif, accounting for almost a quarter of total volume.

On Life, euromark and short sterling futures and their related options accounted for 36 per cent of total trading in February 1996.

Life officials believe they are ahead of other exchanges, pointing out that the December 1998 euromark future shows open interest of over 11,000 lots, as opposed to less than 2,000 lots for the same maturity of the Matif's Fibor contract.

What Matif executives have said is that they believe there is room for just one leading European exchange for currency derivatives, and that this position is up for grabs.

Mr John Foyle, deputy chief executive of Life, expects the situation to be maintained on the next contract month, which is due to expire in March 1999, in what could be a single currency environment.

Other exchanges do not fear any loss of business, and some even hope to benefit from European monetary union.

The DTB is one of those. Its three-month Fibor future has never lived up to expectations and accounts for less than 1 per cent of total volume. So losing it would barely affect revenues.

The Frankfurt-based exchange's hopes lie elsewhere. According to a Deutsche Borse spokesman, efforts will be concentrated on making the successors to bund and Bobl futures benchmarks for exchange-traded derivatives on medium and long-term interest rates on the single European currency.

Also, the DTB relies heavily on equity-related contracts, and "these are traditionally immune to international competition," said the spokesman. Incidentally, equity-related products are the cornerstone of the current negotiations between the DTB and the Matif, and the two markets are expected to disclose further intentions of co-operation in coming weeks.

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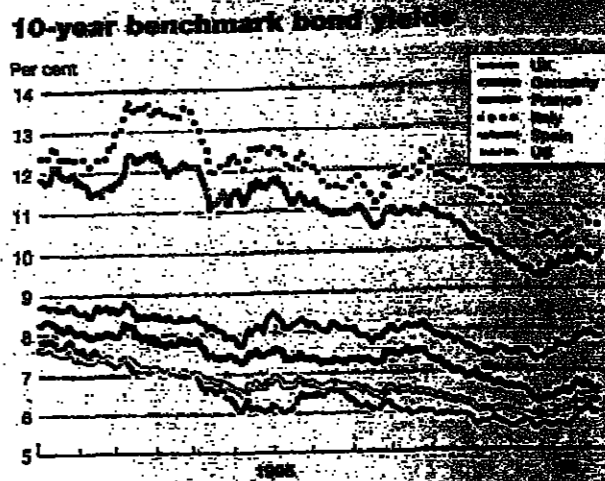


Table with columns: Country, Discount, Overnight, Three month, One year, Five year, Ten year. Rows for USA, Germany, France, UK, Japan.

Table titled 'ING BARINGS SECURITIES EMERGING MARKETS INDICES'. Columns: Index, 8/2/96, Week on week movement, Month on month movement, Year to date movement. Rows for Latin America, Europe, Asia, etc.

All indices in \$ terms, January 7th 1982=100. Source: ING Barings Securities.

Notice of Early Redemption to the Holders of GD Guangdong Investment Limited. U.S. \$102,000,000. 4 1/2 per cent. Convertible Bonds due 1998. Includes details on redemption terms and contact information.

An important announcement to our stockholders: Copies of the 1995 Annual Report of Citicorp can now be obtained from: Citibank, N.A., 336 Strand, London WC2R 1HB. Postal applications should be addressed to the attention of Sonia Gordon, Corporate Affairs.

EURO MEDIUM TERM NOTE PROGRAMME OF SOCIETE GENERALE, SGA SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED. SERIE N° 123. SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 1,000,000,000 FLOATING RATE NOTES DUE SEPTEMBER 1997.

DONG AH CONSTRUCTION INDUSTRIAL CO., LTD. US \$ 100,000,000. FLOATING RATE NOTES 1997. Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from March 8, 1996 to September 9, 1996 (183 days) has been fixed at 5.625% per annum.

NATIONAL BANK OF CANADA. U.S. \$200,000,000. Floating Rate Notes due 1998. In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th June, 1996 has been fixed at 5.39297% per annum. The interest accruing for such three month period will be U.S. \$140.82 per U.S. \$100,000 Bearer Note, and U.S. \$1,408.16 per U.S. \$100,000 Bearer Note, on 10th June, 1996 against presentation of Coupon No. 5.

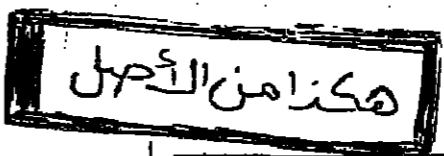
Table titled 'NEW INTERNATIONAL BOND ISSUES'. Columns: Issuer, Amount, Maturity, Coupon, Price, Yield, Launch, Book-runner. Rows for US DOLLARS, SWITZERLAND, LUXEMBOURG FRANCS, ITALIAN LIRE, AUSTRALIAN DOLLARS, etc.

Notice to the Holders of ODAKYU ELECTRIC RAILWAY CO., LTD. (the "Company") Y20,000,000,000 1 1/2 per cent. Convertible Bonds due 1998 (the "Bonds"). "Adjustment of the Conversion Price". NOTICE IS HEREBY GIVEN that the Board of Directors of the Company, at its meeting held on February 23, 1996, resolved to make a Stock Split (Free Share Distribution) at the ratio of 1.03 for 1 to the Shareholders of record as at March 31, 1996.

Notice to the Holders of the Warrants to Subscribe for Shares of Common Stock of KISSEI PHARMACEUTICAL CO., LTD. (the "Company") Issued in conjunction with U.S.\$100,000,000 1 1/2 per cent. Bonds 1996 (the "1996 Warrants") and U.S.\$100,000,000 1 3/8 per cent. Bonds 1998 (the "1998 Warrants"). ADJUSTMENT OF SUBSCRIPTION PRICES. NOTICE IS HEREBY GIVEN pursuant to Conditions 7 and 11 of the Terms and Conditions of the Warrants in relation to the 1996 Warrants and 1998 Warrants, respectively, that the Board of Directors of the Company passed a resolution on 27th February, 1996 to make a stock split of shares of its common stock effective as of 20th May, 1996 in the form of the free share distribution to the shareholders of the Company of record on 31st March, 1996 (Japan Time) in the ratio of 0.1 new share for each one share held.

THE TOP OPPORTUNITIES SECTION For senior management positions. For information please contact: Robert Hunt +44 0171 873 4095.

IBJ Schroder Bank & Trust Company The Fuji Bank and Trust Company on behalf of: Kissel Pharmaceutical Co., Ltd. Dated: 11th March, 1996.



THE WEEK AHEAD

UK COMPANIES

TODAY BOARD MEETINGS:
Finals:
 Automated Security
 British Vita
 DRS Data & Research
 Fairway
 Forward Technology
 Hibcon Select Insurance
 Lapex
 Lopex
 Merchants Tst
 Partco
 Pertland
 Perlammon
 RPS
 Refuge
 Roxboro
 Rugby
 Spandex
 Spirax-Sarco
 Sufar
Interims:
 Cordance Int
 DCS
 Domestic & General
 Kleinwort Development Fd
 Redrow

Britton
 CMG
 Calderburn
 Capital
 Christian Int
 Cordiant
 Crestacare
 Duncod Inc Growth
 Delta
 Expamat Int
 Fidelity Japanese Values
 Holliday Chemical
 Huntingdon Int
 Kalon
 M & G Inc Inv Tst
 Pacific Assets Tst
 Parity
 Prudential
 Record
 TI
 Williams Hids
 Intarim
 Everest Foods
 Headway
 M & G Recovery Inv Tst
 Pochine
 Thomtons
 Wolseley

Brent Int
Church
English China Clays
Haden MacLellan
Heywood Williams
JIB
Lambert Howarth
Radius
Reed Int
Rosebys
Schwobers
Tilbury Douglas
Waste Recycling
Interims:
Ricardo
Shires Pharmaceuticals

United Biscuits
Wadsworths
Wood (Arthur)
Interims:
BZW Endowment Fd
F & C High Inc Tst
Logica
Sirdar
Television Corp

FRIDAY MARCH 15 COMPANY MEETINGS:
Alexanders Hlds, 7-10, Old Park Lane, W., 12.00
Central Motor Auctions, Auction Centre, Pontefract Road, Rothwell, Leeds, 11.00
Eurocamp, Cottone Hotel, Manchester Road, Knutsford, Cheshire, 2.30
Johnson Fry Second Utilities, 20, Regent Street, S.W., 11.30

BOARD MEETINGS:
Finals:
Aspen Comms
British Data Mngmnt
Molins
Mowlem (J)
Perry
Serif
Wembley
Interim:
Walker (Thomas)

Company meetings are annual general meetings unless otherwise stated.
 Please note: Reports and accounts are not normally available until approximately six weeks after the board meeting to approve the preliminary results.

TOMORROW COMPANY MEETINGS:
Shani, Marriott Hotel, 10, Grosvenor Square, W., 12.00
Witan Inv, Old Horticultural Hall, Vincent Square, S.W., 7.05
BOARD MEETINGS:
Finals:
Beradin
Bitam

WEDNESDAY MARCH 13 COMPANY MEETINGS:
Garmore British Inc & Growth Tst, 16-18, Monument Street, E.C., 2.30
London Scottish Bank, St James's Club, Charlotte Street, Manchester, 12.00
BOARD MEETINGS:
Finals:
BPP
Baynes (Charles)

DIVIDEND & INTEREST PAYMENTS

TODAY
 Argyl 8 1/2% Bd 2000 £81.25
 Border Television 2.2p
 Exon \$0.75
 Fuji Bank Int Fin Perp Sb FRN \$187.05
 Grace (WR) \$0.125
 Kubota FRN 1987 Y20486.0
 Lilly (E) \$0.3425
 Quality Care Homes 3.3p
 Rockwell \$0.28
 Smith (David S) 2.45p
 Sumitomo Heavy FRN 1988 Y22395.0
 Tokai Bank Nederland Flt/Fxd Rata Gld Nis 2004 \$32228.17
 Treasury Flt Rata 1999 £1,5769

Y179709.0
 Sotheby's Class A Lim/Vtg \$0.08
 Tenneco \$0.45
WEDNESDAY MARCH 13
 Ashanti Goldfields \$0.25
 G1405 12 1/4% Gtd Sec Bd 2015 £128.25
 CSX \$0.25
 General Motors Acceptance 9 1/2% Nts Mar 1996 \$456.25
 Gold Fields Property R0.40
 Hydro-Quebec 12 1/4% Ln 2015 £5,375
 Kinick 0.35p
 Marubeni Int Fin 6 1/2% Ser A Yen/US\$ Bd 1987 Y650000.0
 Do Ser B Y650000.0
 Nationale Investingsbank Sb FRN 2002 \$145.35
 Vogels Metal R0.35

2004 \$317.55
 Scandinavian Airlines 9 1/4% Bd 1999 FF925.0
 Witan Inv 3.5p
 Young & Co's Brewery 9 1/2% Db 2018 £4.75
FRIDAY MARCH 15
 Atlantic Richfield \$1.375
 Beatrice Mines R0.63
 Brunswick \$0.125
 CSX \$0.25
 Christiania Bank 8% Sb Nts 1996 \$283.85
 Dana \$0.15
 Edinburgh Inv Tst 3.85% Cm Pf 1.825p
 Elandsrand Gold R0.30
 Forte FRN 1999 £1777.73
 Gantra Flt Rata Sb Cap Db 1998 \$204.50
 Gracchurch Personal Loan Fin (No 1) Class A FRN 1998 £189.82
 Do Mezzanine FRN 1998 £227.57
 Grocvtel Proprietary Mines R0.10
 Grosvenor Inns 2.75p
 Inco \$0.10
 Lesite Gold Mines R0.05
 Loades 1p
 Louisiana Land & Expln \$0.06
 Midland Bank Non-Cm S Pf Ser A1 \$0.355
 Do Ser A2 \$0.8875
 Morrison (Wm) Supermarkets 5 1/4% Rd Pf 2.825p

NK Properties Ltd Units R0.3088
 NTT Data Comms 3.3% Bd 1998 Y330000.0
 Newcastle Bldg Scty 12 1/4% Ln 2020 £5.125
 Royal Bank of Canada Flt Rata Db 2065 \$151.67
 Sanwa Australia Fin Gtd Fxd/FRN 2004 \$1555.66
 Southval R2.80
 Spintast FRN Sep 1998 \$154.83
 Sweden (Kingdom of) 9 1/4% Ln 2014 £487.50
 TR Smaller Co's Inv Tst 1.5p
 TRW \$0.55
 Thomson \$0.1375
 Time Warner \$0.09
 Trinova \$0.20
 Unidare Units R12.26p
 Unisel Gold Mines R0.25
 Vaal Reefs R7.0
 Western Deep Levels R2.40
 Whirlpool \$0.34
 Winkfield Mines R0.40

SATURDAY MARCH 16
 Treasury 2% IL 1996 £2.19
SUNDAY MARCH 17
 Dalve Europe Bank Step-up Callable Nts 1998 Y1550000.0
 Do Step-up Callable Nts 2000 Y1500000.0
 Welsh Water Utilities Fin 7 1/2% Gtd Bd 2004 £71.25

Prices for electricity generated by the...
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 For further information on any of these titles, please tick the relevant boxes.
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 Banking in China
 Banking in the EU and Switzerland
 Banking in the Far East
 Banking in the Middle East
 China's Financial Markets
 Directory of Banking and Finance in East and Central Europe
 European Reinsurance 1996
 FT Global Derivatives Reports 1995
 Investment Regulation in Europe
 Issues in European Banking
 Profitability for European Banks
 FT Guide to Global Central Banks
 European Treasury Management
 Pension Fund Investment in Europe
 FT Pensions Books 1996
 Who Owns What in World Banking
FINANCIAL SERVICES
 European Retail Investment
 FT Unit Trust Year Book 1995
 Global Custody
 Non-Financial Organisations in Financial Services
 Privatisation and Demutualisation in European Financial Services
 Risk Management in Financial Institutions in Europe
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 The Future of the UK Financial Services Industry
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The March issue of Money Management includes our half yearly update of the personal pensions survey. We take an in-depth look at the results of personal pensions, picking the top performers and highlighting the losers. A amongst unit linked and with profit plans. A unique feature is the 5 star "best buys" based on past performance and charges. This survey is a must for anyone buying or selling personal pensions.
 This issue also features a survey on lump sum Peps performance, reviewing the results of

plans after the deduction of all charges.
 Plus, Janet Walford, editor of Money Management and first financial journalist to pass all three FPC papers, and training specialist David Wicks give practical exam hints, techniques and guidelines to passing FPC3.

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 25 & 26 March 1996, London Hilton on Park Lane
 Leaders from all parts of the healthcare delivery chain will address this annual FT conference, the seventh in a popular series. Industry experts from Europe and North America will consider how the pharmaceutical industry needs to transform itself and create new organisations with new cultures to meet the challenges of the changing marketplace.
 Industry leaders will examine the key issues:
 ● Seeking New Models
 ● Revitalising R&D
 ● Capitalising on Consolidation
 ● Responding to Stakeholder Expectations
 Speakers include:
 Mr Jan Leschly, Chief Executive, SmithKline Beecham plc
 Dr Thomas F McKillop, Chief Executive Officer, Zeneca Pharmaceuticals
 Dr Hans Jürgen Ahrens, Managing Director, AOK-Bundesverband
 Mr Michel de Rosen, President & Chief Executive Officer, Rhône Poulenc Rorer Inc
 Mr Eli Hurvitz, President & Chief Executive Officer, Teva Pharmaceutical Industries Ltd
 Dr Chris Evans OBE, Founder, Chiroscience plc
 Dr Henry A McKinnell Jr, Executive Vice President, Pfizer Inc
 Mr Gerald Malone MP, Minister of State for Health, UK
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WORLD PHARMACEUTICALS CONFERENCE
 London, 25 & 26 March 1996
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 Cancellation Policy: Cancellations must be received in writing by Monday, 11 March 1996 and will be subject to a 20% cancellation fee unless a substitute delegate is offered. After this date, the full registration fee will apply, however substitutions will still be accepted.
 FA

WORLD STOCK MARKETS

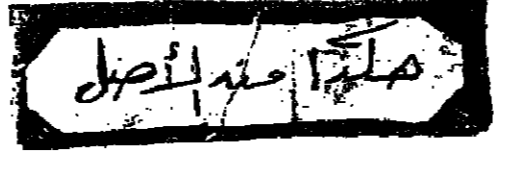
Main table of world stock markets including sections for EUROPE, BELGIUM/LUXEMBOURG, CZECH REPUBLIC, DENMARK, FINLAND, FRANCE, GERMANY, GREECE, ITALY, JAPAN, KOREA, MALAYSIA, NEW ZEALAND, SINGAPORE, SOUTH AFRICA, SWEDEN, SWITZERLAND, THAILAND, TURKEY, and US INDICES.

Advertisement for Rockwell: 'As builder of the Space Shuttle and its main engines, Rockwell continues to explore the frontiers of space'. Includes Rockwell logo and contact information.

Table of US INDICES and AUSTRALIA (Mar 8 / Aust) with columns for index names, values, and changes.

Table of INDEX FUTURES with columns for contract names, prices, and changes.

Table of TOKYO - MOST ACTIVE STOCKS Friday, March 8, 1996, listing various Japanese stocks and their prices.



LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Guinness, Heineken, and Carlsberg, with columns for share price and other financial data.

BANKS, MERCHANT

Table listing banks and merchant companies, including Barclays, HSBC, and Citibank, with columns for share price and other financial data.

BANKS, RETAIL

Table listing retail banks, including Lloyds, NatWest, and Halifax, with columns for share price and other financial data.

BREWERIES, PUBS & REST

Table listing breweries, pubs, and restaurants, including Watney, Fuller, and W & A, with columns for share price and other financial data.

BUILDING & CONSTRUCTION

Table listing building and construction companies, including Bovis, Bovis Lend Lease, and Bovis Lend Lease, with columns for share price and other financial data.

BUILDING MATS. & MERCHANTS

Table listing building materials and merchants, including B&B, B&B, and B&B, with columns for share price and other financial data.

CHEMICALS

Table listing chemical companies, including ICI, Shell, and BP, with columns for share price and other financial data.

DISTRIBUTORS

Table listing distributors, including various retail and wholesale companies, with columns for share price and other financial data.

DIVERSIFIED INDUSTRIALS

Table listing diversified industrial companies, including various manufacturing and service companies, with columns for share price and other financial data.

ELECTRICITY

Table listing electricity companies, including British Energy, Central Electricity Generating Board, and others, with columns for share price and other financial data.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing electronic and electrical equipment companies, including various technology and electronics firms, with columns for share price and other financial data.

ENGINEERING

Table listing engineering companies, including various mechanical and electrical engineering firms, with columns for share price and other financial data.

ENGINEERING - Cont.

Table listing engineering companies (continued), including various mechanical and electrical engineering firms, with columns for share price and other financial data.

ENGINEERING, VEHICLES

Table listing engineering and vehicle companies, including various automotive and transport firms, with columns for share price and other financial data.

EXTRACTIVE INDUSTRIES - Cont.

Table listing extractive industries companies, including oil, gas, and mining firms, with columns for share price and other financial data.

EXTRACTIVE INDUSTRIES - Cont.

Table listing extractive industries companies (continued), including oil, gas, and mining firms, with columns for share price and other financial data.

EXTRACTIVE INDUSTRIES - Cont.

Table listing extractive industries companies (continued), including oil, gas, and mining firms, with columns for share price and other financial data.

EXTRACTIVE INDUSTRIES

Table listing extractive industries companies, including oil, gas, and mining firms, with columns for share price and other financial data.

HEALTH CARE - Cont.

Table listing health care companies, including pharmaceutical and medical device firms, with columns for share price and other financial data.

HOUSEHOLD GOODS

Table listing household goods companies, including various consumer goods firms, with columns for share price and other financial data.

INSURANCE

Table listing insurance companies, including various life and general insurance firms, with columns for share price and other financial data.

INVESTMENT TRUSTS

Table listing investment trusts, including various asset management and real estate trusts, with columns for share price and other financial data.

INVESTMENT TRUSTS - Cont.

Table listing investment trusts (continued), including various asset management and real estate trusts, with columns for share price and other financial data.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Table listing various investment trusts with columns for Name, Price, Dividend, and other financial metrics.

LEISURE & HOTELS

Table listing companies in the Leisure & Hotels sector, including names and financial data.

OTHER FINANCIAL - Cont.

Table listing companies in the Other Financial sector, including names and financial data.

PROPERTY - Cont.

Table listing companies in the Property sector, including names and financial data.

SUPPORT SERVICES - Cont.

Table listing companies in the Support Services sector, including names and financial data.

AM - Cont.

Table listing American companies with columns for Name, Price, Dividend, and other metrics.

LIFE ASSURANCE

Table listing life assurance companies and their financial details.

MEDIA

Table listing media companies and their financial details.

PAPER, PACKAGING & PRINTING

Table listing companies in the Paper, Packaging & Printing sector.

RETAILERS, FOOD

Table listing food retailers and their financial details.

RETAILERS, GENERAL

Table listing general retailers and their financial details.

TELECOMMUNICATIONS

Table listing telecommunications companies and their financial details.

AMERICANS

Table listing American companies with columns for Name, Price, Dividend, and other metrics.

CANADIANS

Table listing Canadian companies with columns for Name, Price, Dividend, and other metrics.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, Dividend, and other metrics.

Advertisement for CNBC featuring the logo and the text 'Time is your most precious commodity. Call 0990 11 55 55. Live 24-hour global business TV. European launch 11 March 1996.'

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, Dividend, and other metrics.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, Dividend, and other metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies and their financial details.

OIL, INTEGRATED

Table listing integrated oil companies and their financial details.

PHARMACEUTICALS

Table listing pharmaceutical companies and their financial details.

PROPERTY

Table listing property companies and their financial details.

RETAILERS, GENERAL - Cont.

Table listing general retailers and their financial details.

TOBACCO

Table listing tobacco companies and their financial details.

TRANSPORT

Table listing transport companies and their financial details.

WATER

Table listing water companies and their financial details.

SUPPORT SERVICES

Table listing support services companies and their financial details.

AM

Table listing American companies with columns for Name, Price, Dividend, and other metrics.

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service provided by FT Data, a member of the Financial Times Group. Includes information on company classifications, data sources, and disclaimer.

FT Share Service

Information on FT Share Service, including details on annual reports and company focus.

FT Company Focus

Information on FT Company Focus, including details on the annual report and company focus.

FT Cityline

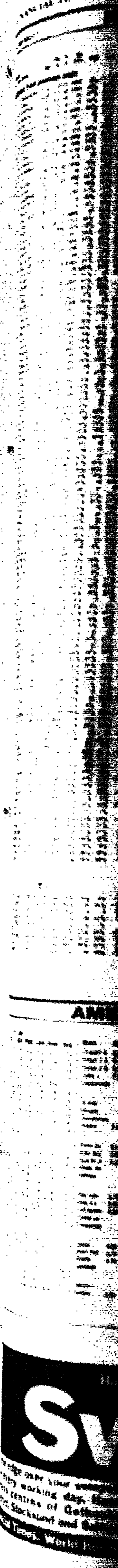
Information on FT Cityline, including details on the share price and company information.

4 pm Close March 8

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sub-sections for -D-, -C-, -E-, -F-, -G-, -H-, -I-, -J-, -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-.

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Continued on next page

سكان المال

NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET

Main market price tables for NYSE and NASDAQ, including sections for NYSE Composite Prices, NASDAQ National Market, and various market indices.

AMEX COMPOSITE PRICES

AMEX Composite Prices table listing various stocks and their market data.

Sweden advertisement with text: 'Have your FT hand delivered in Sweden... the edge over your competitors by having the Financial Times delivered to your home or office every working day.' Includes contact information for Sweden.

FT GUIDE TO THE WEEK

MONDAY 11

Euro-MPs prepare for IGC

Euro-MPs will debate a motion outlining the European Parliament's priorities for the inter-governmental conference reviewing the Maastricht treaty...

Australia coalition sworn in Australia's new Liberal-National coalition government will be sworn in 9 days after scoring a sweeping victory over its Labor opponents at the polls.

EU ministers discuss waste

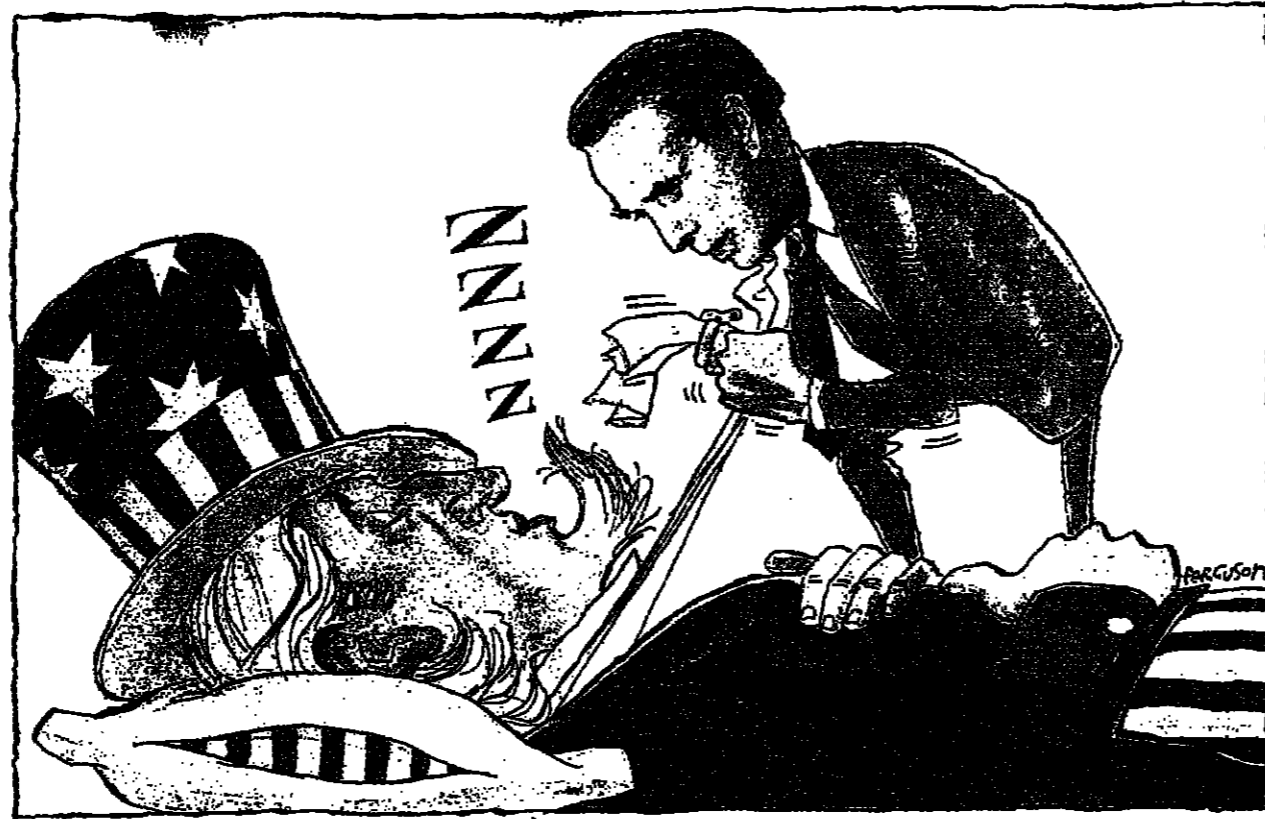
European Union finance ministers meet in Brussels to approve the Court of Auditors' report on identifying EU financial mismanagement and waste in 1994.

Seoul army coup trial Two former military-backed presidents of South Korea, Chun Doo-hwan and Roh Tae-woo, go on trial for their alleged roles in leading a 1979 army coup...

Public holidays Australia, British Virgin Islands, Gibraltar.

TUESDAY 12

Dole nearly unstoppable By the end of so-called Super Tuesday's presidential primaries in seven states...



Wake up America: Republican Robert Dole looks set to boost an overwhelming lead as the presidential primaries gear up for Super Tuesday

convention. With momentum gained last week from wins in New York and eight other states, the virtually unstoppable senator Robert Dole is expected to add to his already overwhelming lead.

Turkey alliance vote

Turkish MPs are expected to approve the new conservative coalition government of Mesut Yilmaz in a confidence debate, even though the alliance between his Motherland party and Tansu Ciller's True Path party lacks a majority.

Cardoso in Japan

President Fernando Henrique Cardoso of Brazil travels to Japan for a four-day visit aimed at rebuilding economic ties between the two countries.

White paper on IGC

The British government publishes its white paper on the UK's broad negotiating position ahead of the inter-governmental conference on institutional reform of the EU.

position ahead of the inter-governmental conference on institutional reform of the EU. The document will outline the government's proposals for modest curbs on the jurisdiction of the European Court of Justice and UK resistance to increasing the powers of the European parliament.

Horse racing

National Hunt (jumps racing) festival, Cheltenham, England (to March 14).

FT Survey

Executive Education.

Public holidays

Lesotho, Mauritius.

WEDNESDAY 13

Northern Ireland convention

The British government is expected to announce details of elections to a Northern Ireland convention, in advance of all-party talks in June.

between ministers and the Ulster Unionists, the province's largest party, have deteriorated amid indications that the government would support proposals by the rival Democratic Unionist party for a single list system for elections.

majority now reduced to two, the argument has had serious repercussions at Westminster.

Middle East peace summit

Hosni Mubarak and Bill Clinton, the Egyptian and US presidents, host a summit in Egypt to rally support for the Middle East peace process.

South African budget

Chris Liebenberg, the South African finance minister, will try to woo foreign investors with reforms to the tax system when he presents his government's second budget to parliament.

Cricket

First of the World Cup semi-finals, Calcutta. The other semi is on March 14 (Chandigarh).

THURSDAY 14

Berlusconi committal hearing

A committal hearing in Milan is due to decide whether Silvio Berlusconi, the media magnate and former Italian prime minister, should stand trial on charges of illegally channelling funds to another former prime minister, the disgraced Bettino Craxi.

Golf

Dubai Desert Classic (to March 17).

Public holidays

Andorra, Guyana.

FRIDAY 15

IMF decision on Hungary

The International Monetary Fund decides whether to grant Hungary a much-delayed stand-by loan - the first since the Socialist-Liberal coalition took power in July 1994.

Carisson retires in Sweden

A congress of Sweden's ruling Social Democratic party is set to elect Göran Persson, the finance minister, as its new leader to succeed Ingvar Carlsson, who is retiring after 10 years in the post.

Lib Dem conference

The Liberal Democrats, the UK's third political party, hold their spring conference in Nottingham (to March 17). Party leader Paddy Ashdown will put members on election alert, and policy debates will include law and order, further education and Europe.

Mastering Management

The FT's 20-part series continues in the UK edition with part 19. Non-UK readers can take out a subscription. Contact: PO Box 384, Sutton, Surrey, SM1 4XB, UK. Tel: +44 181 770 9772. Fax: +44 181 643 7330.

FT Survey

Kent.

Public holidays

Belarus, Hungary, Liberia.

SATURDAY 16

Saleroom



Albert Einstein's autographed working manuscript for his special theory of relativity comes up for auction at Sotheby's in New York. The 72-page manuscript, probably written in 1912, was unknown until it sold at Sotheby's in 1987 for \$1.2m (\$70,000).

Apec ministers in Kyoto

Finance ministers of the 18 members of the Asia Pacific Economic Co-operation council meet in Kyoto to discuss foreign exchange movements and investment in Asia (to March 17). Ministers are expected to call for a consideration of regional currency stabilisation in order to ward off foreign exchange crises.

Mugabe seeks fourth term

Robert Mugabe, the president of Zimbabwe, is expected to win a fourth consecutive presidential term. Mr Mugabe, who claims most local industrialists are crooks, is being challenged by Abel Muzorewa, a former premier, and the Rev Ndabandini Sithole, whose Zanu-Ndonga party is said to be linked to rebels operating from Mozambique.

Rugby union

Five nations' championship: England v Ireland, London; Wales v France, Cardiff.

Boxing

America's Mike Tyson and Britain's Frank Bruno tangle in Las Vegas. At stake: Bruno's WBC heavyweight crown.

SUNDAY 17

Cricket

World Cup final, Lahore.

Compiled by Simon Strong. Fax: (+44) (0)171 873 3194.

ECONOMIC DIARY

Statistics to be released this week

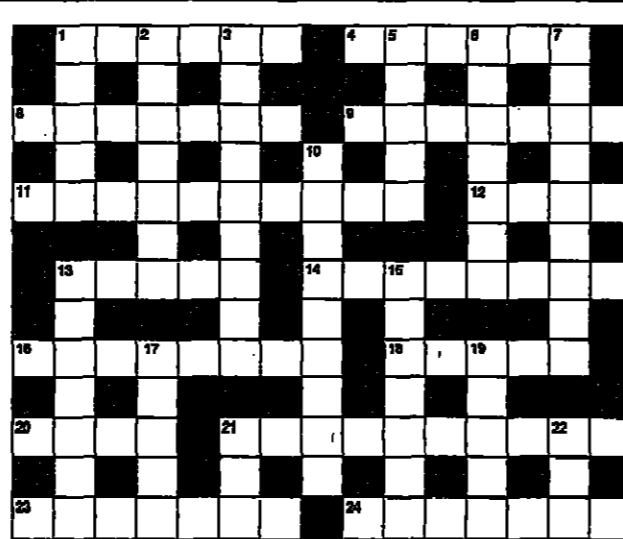
Table with columns: Day Released, Country, Economic Statistic, Median Forecast, Previous Actual. Includes data for US, Germany, France, UK, Japan, and Spain.

Other economic news

Monday: UK manufacturing production is forecast to show a small upturn for January, having fallen sharply in December. Tuesday: The Swiss economy is forecast to have shrunk slightly in the fourth quarter last year...

- ACROSS 1. 4 Paper shirts I designed for a clergyman (6,6) 8. What a 'suspended sentence' used to mean? (7) 9. Times newspaper shock, we're told (7) 11. Ordered home before becoming unwell (10) 12. Raced to front gate and called (4) 13. Top man admitted being shoddy (5) 14. Liqueur distilled in ten set (8) 16. NCO rejected word in cattle pen (5) 18. Cold tar to one side of taxi driver (5) 20. With front removed smell is grim (4) 21. Wanting cooked meal ring AA executive (10) 23. Liar left off guard swallows something fishy (7) 24. Reckless act injured animal (7) 25. 26 Came in gloom to tour North London area (6,6)

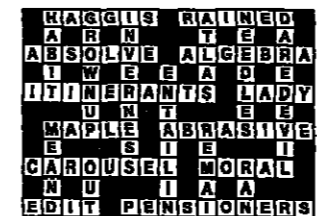
- DOWN 1. 13 down Something barred for people who don't like it milky? (5,5) 2. Music paper brought up issue (7) 3. Bird seed in a smoother case (9) 4. Cane for interrupting a French period? (5) 5. Recommendation putting stop to rose cultivation (7) 7. 22 Keep having a go - it could win the rugby match' (3,3,5) 10. Fool a scruffy Latin attacker (9) 13. See 1 down 15. Unknown pin and tonic mixture gets a zero (9) 17. If raising a parking ticket could be prejudiced (7) 19. Tediumness of drill work on motorway (7) 21. Fool taking night round front room (5) 22. See 7



MONDAY PRIZE CROSSWORD No.9,015 Set by GRIFFIN

A prize of a Pelikan New Classic 980 fountain pen for the first correct solution opened and five runner-up prizes of £20 Pelikan vouchers will be awarded. Solutions by Thursday March 21, marked Monday Crossword 9,015 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8JL. Solution on Monday March 26. Please allow 28 days for delivery of prizes.

- Winners 9,003 G.J. Morrow, Port Erin, Isle of Man M. Brockbank, Southport, Lancs T.C. McCann, Ballymena, County Antrim Diane Coultas, Stramshall, Staffs C. Reader, London NW1 D. Turgoose, Chilwell, Nottingham



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